

# LUCARA

DIAMOND

**NOTICE OF MEETING AND MANAGEMENT PROXY CIRCULAR  
ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON  
FRIDAY, MAY 12, 2023  
FOR  
LUCARA DIAMOND CORP.**



## **NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

The Annual General and Special Meeting (the "Meeting") of the shareholders of LUCARA DIAMOND CORP. (the "Corporation" or "Lucara") will be held at the office of Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Toronto, ONT M5L 1A9, on Friday, May 12, 2023 at 10:00 a.m. (Eastern Time) for the following purpose:

1. To receive the audited consolidated financial statements for the year ended December 31, 2022, together with the report of the auditors;
2. To reappoint the auditor for the upcoming year and to authorize the directors to fix their remuneration;
3. To elect directors for the upcoming year;
4. To pass an ordinary resolution to approve certain amendments to the Corporation's share unit plan;
5. To pass an ordinary resolution to approve certain amendments to the Corporation's deferred share unit plan;
6. To pass an ordinary resolution to approve the continuation of the Corporation's stock option plan, including certain amendments thereto and the unallocated entitlements thereunder, and to ratify the issuance of certain stock options previously granted by the Corporation; and
7. To adopt an advisory resolution on executive compensation.

Your vote is important. If you held Lucara shares on Wednesday, March 15, 2023, you are entitled to receive notice of and vote at the Meeting or any postponement or adjournment thereof.

This Notice is accompanied by a Management Proxy Circular and a proxy form or a voting instruction form. The audited consolidated financial statements of the Corporation for the year ended December 31, 2022, have been provided separately to those shareholders who requested a copy. They are also available on the Corporation's website at [www.lucaradiamond.com](http://www.lucaradiamond.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

If you are not able to attend the Meeting, please vote by using the proxy form or voting instruction form and return it according to the instructions provided before 10:00 a.m. (Eastern Time) Wednesday, May 10, 2023.

### **BY ORDER OF THE BOARD**

(signed) *"Eira Thomas"*

Chief Executive Officer

Dated April 4, 2023



**Management Proxy Circular  
Annual General and Special Meeting of Shareholders  
Friday, May 12, 2023**

Dated April 4, 2023



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## SECTION 1 – VOTING INFORMATION

### GENERAL

You have received this Management Proxy Circular (the “Circular”) because you owned common shares (“Common Shares”) in the capital of **Lucara Diamond Corp.** (“Lucara” or the “Corporation”) on March 15, 2023, the record date. As a shareholder, you have the right to attend the annual meeting of shareholders on **Friday, May 12, 2023**, at the time and place in the accompanying notice (the “Meeting”) or at any adjournment or postponement thereof. The business of the Meeting will be conducted at the place in the accompanying notice.

**The Corporation encourages you to vote your shares by proxy in advance of the Meeting, via mail, telephone or on the internet.** In conducting the Meeting on May 12, 2023, the Corporation intends to follow the guidelines for physical distancing prescribed by the Public Health Agency of Canada to minimize the spread of the novel coronavirus disease (COVID-19), as such guidelines are applicable as at the date of the Meeting. No management presentation will be made following the business of the Meeting.

Unless otherwise stated, the information contained in this Circular is given as at March 15, 2023 and all dollar amounts are expressed as Canadian dollars.

The solicitation of proxies on behalf of management is being made primarily by mail, at Lucara’s expense. Proxies may also be solicited personally or by telephone by directors, officers, and employees of the Corporation.

**YOUR VOTE IS IMPORTANT – PLEASE READ THIS CIRCULAR CAREFULLY AND THEN VOTE YOUR COMMON SHARES, EITHER BY PROXY OR IN PERSON, AT THE MEETING.**

**The persons named on the proxy form are directors, officers, or employees of Lucara. They will vote your Common Shares for you unless you appoint someone else to be your proxyholder. You have the right to appoint another person to be your proxyholder. If you appoint someone else, he or she must be present at the Meeting to vote your Common Shares.**

Please follow the instructions below for voting. This Circular is being sent to both registered and non-registered (or beneficial) shareholders of the Corporation (the “Shareholders”). The Corporation is **not** sending proxy-related materials directly to non-objecting beneficial owners under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporter Issuer* and is not relying on the notice-and-access provisions of securities law for delivery to either registered or beneficial Shareholders. The Corporation will deliver proxy-related materials to nominees, custodians and fiduciaries and they will be asked to promptly forward them to beneficial Shareholders. The Corporation intends to pay for intermediaries to forward the Meeting materials and voting instruction forms to objecting beneficial owners.

These security holder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

#### **Registered Shareholder**

You are a registered Shareholder if your Common Shares are registered in your name and you have a share certificate.

#### **Non-Registered (or Beneficial) Shareholder**

You are a non-registered (or beneficial) Shareholder if your broker, investment dealer, bank, trust company, trustee, nominee or other intermediary holds your Common Shares for you. Most shareholders are non-registered (or

beneficial) Shareholders.

***If you are unsure if you are a registered Shareholder or non-registered (or beneficial) Shareholder, please contact Computershare at:***

Computershare Investor Services Inc. 8th Floor,  
100 University Avenue  
Toronto, Ontario, M5J 2Y1  
1-800-564-6253 (toll-free in Canada and U.S.)  
1-514-982-7555 (international)  
service@computershare.com

## **MATTERS TO BE VOTED ON AT THE MEETING**

At the Meeting, shareholders will be asked to vote on the matters described in SECTION 2 of this Circular "BUSINESS OF THE MEETING".

## **HOW TO VOTE IF YOU ARE A REGISTERED SHAREHOLDER AND YOUR SHARES TRADE ON THE TSX**

### **In Person**

You should identify yourself to the representative from Computershare before entering the Meeting to register your attendance at the Meeting.

### **By Proxy**

1. *By mail:*  
Complete, sign and date your proxy form and return it in the envelope provided. Please see below "How to complete the Proxy Form if you are a registered Shareholder with shares trading on the TSX" for more information.
2. *By telephone:*  
Call 1-866-732-8683 (toll free in Canada and the United States) and follow the voting instructions. You will need your 15 digit control number which is noted on your proxy form. International holders wishing to vote by telephone can dial +1-312-588-4290 to place their vote.
3. *On the internet:*  
Go to [www.investorvote.com](http://www.investorvote.com) and follow the instructions on the screen. You will need your 15-digit control number which is noted on your proxy form.

How to complete the Proxy Form if you are a registered Shareholder with shares trading on the TSX:

Complete your voting instructions, sign and date your proxy form and return it so that it is received before **10:00 a.m. (Eastern Time) on Wednesday, May 10, 2023** or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the adjourned or postponed Meeting. When you sign the proxy form (unless you appoint someone else, see below), you are authorizing the appointees, who are directors, officers, or employees of Lucara, to vote your Common Shares for you at the Meeting. The Common Shares represented by a proxy form will be voted in favour or withheld from voting or voted against, as applicable, in accordance with your instructions on any ballot that may be called for at the Meeting. If you return your proxy form and do not indicate how you want to vote your Common Shares, your vote will be cast:

- FOR the appointment of PricewaterhouseCoopers LLP as auditors and authorizing the directors to fix their remuneration;
- FOR the election of each of the persons nominated for election as directors in this Circular;
- FOR certain amendments to the Corporation's share unit plan (the "Share Unit Plan");





- FOR certain amendments to the Corporation’s deferred share unit plan (the “DSU Plan”);
- FOR the continuation of the Corporation’s incentive stock option plan (the “Option Plan”), including certain amendments thereto, the approval of unallocated entitlements thereunder, and the ratification of the issuance of certain options previously granted by the Corporation; and
- FOR the adoption of an advisory resolution on executive compensation as more fully described in this Circular.

Your proxyholder will also vote your Common Shares as he or she sees fit on any other matter, including amendments or variations of matters identified in this Circular or that may properly come before the Meeting and in respect of which you are entitled to vote. As at the date of this Circular, the Board of Directors (the “Board”) and management do not know of any amendments or variations to the proposed items of business or any additional matters which may be presented for consideration at the Meeting.

If you are appointing someone else to vote your Common Shares at the Meeting, insert the name of the person you are appointing as your proxyholder in the space provided. Your proxyholder does not have to be a shareholder. Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting. At the Meeting, the person you appoint should register with the Computershare representative at the registration table.

If you are an individual shareholder, you or your authorized attorney must sign the proxy form. If the shareholder is a corporation or other legal entity, an authorized officer or attorney must sign the proxy form.

If you need help completing your proxy form, please contact Computershare at the contact information listed above under “GENERAL”.

*How to Change or Revoke your Vote – if you are a registered Shareholder with shares trading on the TSX:*

If you wish to change a vote you made by proxy:

- complete a proxy form that is dated later than the proxy form you are changing and deposit it with Computershare so that it is received before 10:00 a.m. (Eastern Time) on Wednesday, May 10, 2023 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned or postponed Meeting; or
- vote again by telephone or on the internet before 10:00 a.m. (Eastern Time) on Wednesday, May 10, 2023 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned or postponed Meeting.

If you wish to revoke a vote you made by proxy:

- attend in person at the Meeting;
- send a notice of revocation in writing from you or your authorized attorney to the registered office of the Corporation, at Suite 2600, Three Bentall Centre, P.O. Box 49314, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3, so that it is received by the close of business (Eastern Time) on May 11, 2023 or, in the case of any adjournment or postponement of the Meeting, by the close of business on the last business day before the day of the adjourned or postponed Meeting;
- give a notice of revocation in writing from you or your authorized attorney to the Chair of the Meeting or the Corporate Secretary on the day of, but prior to the commencement of the Meeting; or
- in any other manner permitted by law.

## **HOW TO VOTE IF YOU ARE A NON-REGISTERED (OR BENEFICIAL) SHAREHOLDER AND YOUR SHARES TRADE ON THE TSX**

### **By Proxy**

In accordance with applicable securities law requirements, the Corporation has distributed copies of the Meeting materials and the form of proxy and voting information form to the intermediaries and clearing agencies for distribution to the non-registered shareholders. The Corporation intends to pay for intermediaries to forward the



Meeting materials and voting instruction forms to objecting beneficial owners.

Non-registered shareholders should carefully follow the instructions of their intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered. There may be deadlines for non-registered shareholders that are earlier than the deadlines for proxies from registered shareholders set out above.

To vote using the voting instruction form:

- Non-objecting beneficial owners: Fill in the voting instruction form you received with this package and carefully follow the instructions provided. You can send your voting instructions by phone or by mail or through the internet.
- Objecting beneficial owners: Sign and date the voting instruction form your intermediary sends to you and follow the instructions for returning the form.

Your intermediary (your broker, investment dealer, bank, trust company, nominee or other intermediary) is responsible for properly executing your voting instructions.

Your intermediary is required to ask for your voting instructions before the Meeting. Please contact your intermediary if you did not receive a voting instruction form together with this Circular. You may change your voting instructions given to an intermediary by notifying such intermediary in accordance with the intermediary's instructions. Only registered shareholders have the right to revoke a proxy. A non-registered shareholder who has submitted voting instructions to an intermediary should contact their intermediary for information with respect to revoking their voting instructions.

Make sure your voting instruction form or proxy form, as applicable, is properly completed and that you allow enough time for it to reach Computershare if you are sending it by mail.

#### **In Person**

Lucara does not have access to the names or holdings of our non-registered (or beneficial) shareholders. This means you can only vote your Common Shares in person at the Meeting if you have previously appointed yourself as the proxyholder for your Common Shares by inserting your name in the space provided on the voting instruction form, which you received from your intermediary, and submitting it as directed on the form.

Non-registered shareholders cannot use a voting instruction form to vote directly at the Meeting. If you are a non-registered shareholder and you wish to vote at the Meeting, you must appoint yourself as proxyholder by inserting your own name in the space provided on the voting instruction form sent to you and following all the applicable instructions provided therein, including as follows:

- Non-objecting beneficial owners: Follow the instructions on the voting instruction form. You must request a legal proxy form granting you the right to attend the Meeting and vote, and return the proxy form to our transfer agent, Computershare, within the time periods specified.
- Objecting beneficial owners: Follow the instructions on the voting instruction form from your intermediary, and request a proxy form, which grants you the right to attend the Meeting and vote and return the proxy form to our transfer agent, Computershare, within the time periods specified.

Your voting instructions must be received by Computershare by 10:00 a.m. (Eastern Time) on Wednesday, May 10, 2023 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned or postponed Meeting. You should identify yourself to the representative from Computershare before entering the Meeting to register your attendance at the Meeting.

## HOW TO VOTE IF YOUR SHARES TRADE ON THE NASDAQ STOCKHOLM EXCHANGE

The information in this section is of significance to shareholders who hold their securities (“Euroclear Registered Securities”) through Euroclear Sweden AB, which securities trade on the Nasdaq Stockholm Exchange. Shareholders who hold Euroclear Registered Securities are not registered holders of voting securities for the purposes of voting at the Meeting. Instead, Euroclear Registered Securities are registered under CDS & Co., the registration name of the Canadian Depository for Securities. Holders of Euroclear Registered Securities will receive a Form of Proxy (the “Swedish Proxy”) by mail directly from Computershare AB (“Computershare Sweden”). The Swedish Proxy cannot be used to vote securities directly at the Meeting. Instead, the Swedish Proxy must be completed and returned to Computershare Sweden, strictly in accordance with the instructions and deadlines that will be described in the instructions provided with the Swedish Proxy.

## HOW TO VOTE IF YOUR SHARES TRADE ON THE BOTSWANA STOCK EXCHANGE

The information in this section is of significance to shareholders whose securities are listed on the Botswana Stock Exchange (“Botswana Registered Securities”). The shareholders’ register for Botswana Registered Securities is maintained by Corpserve Botswana. Botswana Registered Securities will receive a proxy form (the “Botswana Proxy”) by email or mail directly from Corpserve Botswana. The Botswana Proxy must be completed and returned to Corpserve Botswana strictly in accordance with the instructions and deadlines described in such Proxy.

## WHO IS ENTITLED TO VOTE AND HOW THE VOTES ARE COUNTED

Each shareholder is entitled to one vote for each Common Share held as of the record date, March 15, 2023, on all matters at the Meeting. As of the record date, there are 454,578,873 issued and outstanding Common Shares.

Computershare counts and tabulates the votes. It does this independently of Lucara to make sure that the votes of individual shareholders are confidential. Computershare refers proxy forms to Lucara only when:

- it is clear that a shareholder wants to communicate with management;
- the validity of the proxy is in question; or
- the law requires it.

## WHO ARE THE PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and senior officers of Lucara, those shareholders listed in the table below are the only persons or companies beneficially owning or exercising control or direction, directly or indirectly, over Common Shares carrying more than 10% of the voting rights attached to all Common Shares.

PRINCIPAL SHAREHOLDER	COMMON SHARES	% OWNERSHIP
Nemesia S.à.r.l (“Nemesia”) <sup>(1)</sup>	87,393,533	19.23%
Zebra Holdings and Investments S.à.r.l (“Zebra”) <sup>(1)</sup>	23,762,977	5.23%
Letko, Brosseau & Associates	56,634,875	12.46%

<sup>(1)</sup> Nemesia and Zebra are private corporations owned by a trust whose settlor is the Estate of Adolf H. Lundin. Collectively, as of March 15, 2023 they hold 111,156,510 Common Shares which represents approximately 24.48% of the current outstanding Common Shares.

## SECTION 2 - BUSINESS OF THE MEETING

### 2.1 FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the year ended December 31, 2022 have been provided to shareholders who requested them and are available on Lucara’s website at [www.lucaradiamond.com](http://www.lucaradiamond.com)

or at SEDAR at [www.sedar.com](http://www.sedar.com). Management of the Corporation will discuss these consolidated financial results at the Meeting. No vote of shareholders is required with respect to this item of business.

## 2.2. APPOINTMENT AND REMUNERATION OF AUDITORS

The Board recommends the re-appointment of PricewaterhouseCoopers LLP Chartered Professional Accountants (“PwC”), Vancouver, British Columbia, as auditors of the Corporation to hold office until the termination of the next annual meeting of the shareholders. The annual audit was most recently tendered in 2020.

As in past years, it is proposed that the remuneration to be paid to the auditors shall be determined by the Board. For further information on the external auditors including fees paid to the auditors in 2021 and 2022, please refer to page 27 of this Circular.

You may either vote for reappointing PwC as Lucara’s auditor to hold office until the end of the next annual meeting and authorizing the directors to fix the auditor’s remuneration or you can withhold your vote. If you do not specify how you want your shares voted, the named proxyholders intend to cast votes **FOR** reappointing PwC and authorizing the directors to fix PwC’s remuneration.

## 2.3 ELECTION OF DIRECTORS

### *Nominees - Directors*

The term of office of each of the present directors expires at the Meeting. All seven of the nominees are existing directors of the Corporation. The Board is recommending that the seven individuals nominated be elected at the Meeting. The Board has assessed the skills and experience that the directors standing for election offer and is satisfied the nominees meet the Board’s requirements. Each director elected at the Meeting will serve as a director until the next annual meeting unless he or she resigns or is otherwise removed from office earlier. The average tenure of the non-executive directors standing for re-election is six years. The Chair of the Board will be appointed by the Board following the Meeting.

You may either vote for the election of each of the below nominees or you can withhold your vote. If you do not specify how you want your shares voted, the named proxyholders intend to cast votes **FOR** the election of the below named nominees. If any proposed nominee is unable to serve as a director or withdraws his or her name, the named proxyholders reserve the right to nominate and vote for another individual in their discretion.

The Board has adopted a Majority Voting Policy that provides that the Chair of the Board will ensure that the number of shares voted in favour or withheld from voting for each director nominee is recorded and promptly made public after the Meeting. If any nominee for director is not elected by at least a majority (50% + 1 vote) of the votes cast regarding his or her election, the director must immediately tender his or her resignation to the Chair of the Board following the Meeting, to take effect upon acceptance by the Board. The Board shall accept the resignation absent exceptional circumstances. To assist the Board in determining whether exceptional circumstances exist, the Board will refer the resignation to the Corporate Governance and Nominating Committee who will expeditiously consider the director’s offer to resign and make a recommendation to the Board whether to accept the resignation. Within 90 days of the Meeting, the Board will make a final decision concerning the acceptance of the director’s resignation (and reasons for rejecting the resignation, if applicable) and announce that decision by way of a news release. Any director who tenders his or her resignation will not participate in the deliberations of the Board or any of its committees pertaining to the resignation. The policy applies only to uncontested elections, where the number of nominees as director is equal to the number of directors to be elected. If the director fails to tender his or her resignation as contemplated in the policy, the Board will not re-nominate the director. Subject to any corporate law restrictions, where the Board accepts the offer of resignation of a director and that director resigns, the Board may exercise its discretion with respect to the resulting vacancy and may, without limitation, leave the resultant vacancy unfilled until the next annual meeting of shareholders, fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of the shareholders, or call a special meeting of shareholders to elect a new nominee to fill the vacant position.

Information regarding each of the seven proposed nominees, is set out below. Further information on the proposed nominees can also found in this Circular; please see pages 52 and 53 for director compensation received.

<b>Adam LUNDIN</b>	
British Columbia, Canada Age, 36	<b>Board and Committee Meeting Attendance</b> Board: 2 of 3 (following election to the Board in May 2022)
<b>Independent:</b> Yes	<b>Current Occupation</b> Chair, Lundin Mining Corporation
<b>Director since:</b> May 2022	<b>Biography</b> Mr. Adam Lundin has many years of experience in capital markets and public company management across the natural resources sector. His background includes oil & gas and mining technology, investment advisory, international finance, and executive management. He began his career working for several Lundin Group mining companies in various countries before moving into finance where he specialized in institutional equity sales, ultimately becoming co-head of the London office for an international securities firm. Mr. Lundin formerly served as President, CEO and a Director of Josemaria Resources Inc., President and CEO of Filo Mining and a director of Lundin Energy AB (now, Orrön Energy AB).  Mr. Lundin currently sits on the Board of the Lundin Foundation, a Canadian registered non-profit organization.
<b># of voting securities owned:</b> 1,000,000	<b>Other Public Boards</b> Lundin Mining Corporation (TSX, Nasdaq Stockholm) Filo Mining Corp. (TSX-V, Nasdaq First North, OTCQB) NGEx Minerals Ltd. (TSX-V)
<b>David DICAIRE</b>	
British Columbia, Canada Age, 64	<b>Board and Committee Meeting Attendance</b> Board: 6 of 6 Audit Committee: 5 of 5 Safety, Health, Environment and Community Relations Committee: 4 of 4
<b>Independent:</b> Yes	<b>Current Occupation</b> Senior Vice President, Josemaria Project, Lundin Mining Corporation
<b>Director since:</b> May 2020	<b>Biography</b> Mr. Dicaire has over 40 years of experience in the mining, engineering, and construction industry on a variety of global projects leading both the Owners and EPCM teams. Mr. Dicaire was appointed Senior Vice President of the Josemaria Project in August 2022. His previous roles include Vice President, Projects at Lundin Gold where he oversaw the development and construction of the award winning Fruta Del Norte project in Ecuador and prior to that, Project Director at Freeport-McMoRan Inc. for the highly successful US\$4.6 billion Cerro Verde Expansion Project in Peru. Prior to moving to Freeport, Mr. Dicaire was the General Manager, Project Development for South America for Xstrata Copper (now Glencore plc) based in Santiago, Chile. Mr. Dicaire's experience covers all facets of project management for all types of mining projects ranging from running EPC/EPCM projects down to pre-feasibility studies.
<b># of voting securities owned:</b> 0	<b>Other Public Boards</b> Bluestone Resources Inc. (TSX-V)
<b>Paul CONIBEAR<sup>(1)</sup></b>	
British Columbia, Canada	<b>Board and Committee Meeting Attendance</b>

Age, 65	Board (Chair): 6 of 6 Compensation Committee (Chair): 5 of 5 Corporate Governance and Nominating Committee: 3 of 3
<b>Independent:</b> Yes	<b>Current Occupation</b> Corporate Director
<b>Director since:</b> April 2007	<b>Biography</b> Mr. Conibear has over 35 years of experience in the mining industry in Africa, North and South America and Europe. His background includes 21 years of project and construction management across a diverse range of minerals projects encompassing base and precious metal, coal, uranium, and potash investments. For the last 20 years he has held public company executive management and director's positions, last serving as President and CEO of Lundin Mining Corp. from 2010 until his retirement in 2018. Mr. Conibear also served for several years as President & CEO of Tenke Mining Corp., where he was instrumental in progressing the world class Tenke Fungurume copper/cobalt project towards its current position as a major mining operation in central Africa.
<b># of voting securities owned:</b> 383,000	<b>Other Public Boards</b> N/A
<b>Peter J. O'CALLAGHAN</b>	
British Columbia, Canada Age, 64	<b>Board and Committee Meeting Attendance</b> Board: 6 of 6 Compensation Committee: 5 of 5 Corporate Governance and Nominating Committee (Chair): 3 of 3
<b>Independent:</b> Yes	<b>Current Occupation</b> Corporate Director
<b>Director since:</b> May 2020	<b>Biography</b> Mr. O'Callaghan was most recently the Office Managing Partner of the Vancouver office of Blake, Cassels & Graydon LLP, a leading Canadian law firm, until his retirement in December 2022. Mr. O'Callaghan's practice was focused on merger and acquisition transactions in the mining sector. He also has extensive experience in corporate finance transactions, including public and private equity financings, take-over, and issuer bids, and acting as independent counsel to investment dealers and boards of directors. He has acted in respect of many mining transactions in Canada, the U.S., South America, Africa, China, and Australia.
<b># of voting securities owned:</b> 0	<b>Other Public Boards</b> Filo Mining Corp. (TSX, Nasdaq First North, OTCQB)
<b>Marie INKSTER</b>	
Ontario, Canada Age, 51	<b>Board and Committee Meeting Attendance</b> Board: 6 of 6 Audit Committee (Chair): 5 of 5 Compensation Committee: 5 of 5
<b>Independent:</b> Yes	<b>Current Occupation</b> Corporate Director
<b>Director since:</b> June 2014	<b>Biography</b> Ms. Inkster has 20 years of experience in public company management, corporate transactions, public and private debt and equity fundraising, and public company reporting and disclosure. She most recently served as President and CEO of Lundin Mining Corp from October 2018 to

	October 2021 after serving for nearly 10 years as Chief Financial Officer. She was also a Director and member of the Health, Safety, Environment and Community Committee of Lundin Mining during her tenure as CEO. Prior to joining Lundin Mining, Ms. Inkster held senior positions in several publicly traded companies, including five years with LionOre Mining International Ltd. where she served as Vice President, Controller at the time of its acquisition by Norilsk Nickel in July of 2007. Ms. Inkster served as Chairperson of the International Zinc Association from 2020 to 2021.
<b># of voting securities owned:</b> 180,000	<b>Other Public Boards</b> Nominated for election to the Board of Directors of Vale S.A. (B3, NYSE, LATIBEX: Bolsa de Madrid)

### Catherine MCLEOD-SELTZER

British Columbia, Canada Age, 63	<b>Board and Committee Meeting Attendance</b> Board: 6 of 6 Audit Committee: 5 of 5 Corporate Governance and Nominating Committee: 3 of 3 Safety, Health, Environment and Community Relations Committee (Chair): 4 of 4
<b>Independent:</b> Yes	<b>Current Occupation</b> Corporate director; Chair of Kinross Gold Corporation and Chair of Bear Creek Mining Corp.
<b>Director since:</b> February 2018	<b>Biography</b> Ms. McLeod-Seltzer has been directly involved in more than \$6 billion in corporate transactions in the past 30 years and has been instrumental in helping build a number of successful mineral companies, including, Arequipa Resources, Francisco Gold, Miramar Mining, Bear Creek Mining, Stornoway Diamonds and Peru Copper Inc. Ms. McLeod-Seltzer was named Mining Man of the Year by The Northern Miner in 1999, and in 1997 she was given the "Award for Performance", and in 2021 the Award for "Significant Board Contribution" by the Association of Women in Finance. She has also held positions on the Financial Post's "Power 50". Ms. McLeod-Seltzer is currently Chair of Bear Creek Mining Corp and the Independent Chair of the Kinross Gold Board of Directors. She is a recognized leader in the minerals industry for her ability to create growth-focused companies that generate significant shareholder value.
<b># of voting securities owned:</b> 4,400,000 (direct) 100,000 (indirect)	<b>Other Public Boards</b> Bear Creek Mining Corp. (TSX-V) Flow Capital Corp. (TSX-V) Kinross Gold Corporation (TSX/NYSE)

### Eira THOMAS

British Columbia, Canada Age, 54	<b>Board and Committee Meeting Attendance</b> Board: 6 of 6 Safety, Health, Environment and Community Relations Committee: 4 of 4
<b>Independent:</b> No	<b>Current Occupation</b> President, CEO and Director of the Corporation since February 25, 2018
<b>Director since:</b> August 2009	<b>Biography</b> Ms. Thomas is a Canadian geologist with over 25 years of experience in the Canadian mining industry, including her previous roles as Vice President, Aber Resources, CEO of Stornoway Diamond Corp., and CEO of Kaminak Gold Corporation. In 2007, Ms. Thomas founded Lucara Diamond Corporation, with partners Lukas Lundin and Catherine McLeod-Seltzer; since February 2018, Ms. Thomas has served as President and CEO of Lucara. In 2008, Ms. Thomas was one of only four Canadians that year to be named to the "Young Global Leaders", by the World Economic Forum, and in 2007 she was selected as one of Canada's "Top 100 Most Powerful Women". Ms. Thomas is currently a director of Suncor Energy Inc. where she chairs the Governance Committee.

<b># of voting securities owned:</b> 5,720,565	<b>Other Public Boards</b> Suncor Energy Inc. (TSX/NYSE MKT)
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*Notes to Profiles of the Nominated Directors re Corporate Cease Trade Orders/Bankruptcies:*

- (1) *RB Energy Inc. (“RBI”) commenced proceedings under the Companies’ Creditors Arrangement Act (the “CCAA”) in 2014. CCAA proceedings continued in 2015 and a receiver was appointed in May 2015. The TSX de-listed RBI’s common shares on November 24, 2014 for failure to meet the continued listing requirements of the TSX. Mr. Conibear was never a director, officer or control person of RBI but he was a director of one of the amalgamating companies that formed RBI, Sirocco Mining Inc. (“Sirocco”). On January 31, 2014, Mr. Conibear resigned as a director of Sirocco at which time Sirocco was financially solvent. However, as a result of the amalgamation of Canada Lithium and Sirocco to form RBI, Mr. Conibear was a director of an issuer within the period of 12 months preceding it filing for CCAA protection.*

*Legend Stock Exchanges:*

TSX	= Toronto Stock Exchange
TSX-V	= TSX Venture Exchange
Nasdaq First North	= Nasdaq First North
Nasdaq Stockholm	= Nasdaq Stockholm Exchange
OMX	= OMX Nasdaq
NYSE	= New York Stock Exchange
NYSE American	= New York American Stock Exchange
OTCQB	= OTC Markets Group

**Directors’ Skill Assessment Matrix**

The Corporate Governance and Nominating Committee requests directors on an annual basis to complete a matrix identifying their experience against a key set of skills and experience deemed desirable for Board members. This matrix is used as a tool by the Board in assessing needs in the context of the nomination process.

AREA OF EXPERTISE	PAUL CONIBEAR	DAVID DICAIRE	MARIE INKSTER	ADAM LUNDIN	C. MCLEOD-SELTZER	PETER J. O’CALLAGHAN	EIRA THOMAS	TOTAL
Diamond Industry	X	X			X	X	X	5
Diamond Sales and Marketing							X	1
Environmental, Safety and Occupational Health	X	X	X	X	X		X	6
Finance & Financial Reporting	X	X	X		X	X	X	6
Human Resources & Compensation	X	X	X	X	X	X	X	7
Legal and Corporate Governance	X		X	X	X	X	X	6
Mergers & Acquisitions (i.e. Project Assessment & Due Diligence)	X	X	X	X	X	X	X	7
Mining Operations and Technical Skills	X	X	X	X	X		X	6
Risk Management	X	X	X	X	X	X	X	7
Strategic Planning	X	X	X	X	X	X	X	7
Technology Experience		X		X			X	3



OTHER METRICS OF INTEREST RELATED TO THE NOMINEES PROPOSED FOR ELECTION AT THE 2023 MEETING	PAUL CONIBEAR	DAVID DICAIRE	MARIE INKSTER	ADAM LUNDIN	C. MCLEOD-SELTZER	PETER J. O'CALLAGHAN	EIRA THOMAS	TOTAL
Gender Diverse Director			X		X		X	43%
Board Tenure (in years, including CEO)	16	3	9	1	5	3	14	7
Attendance at > 75% of Board Meetings	X	X	X	X	X	X	X	100%
Age 60 to 69 years	X	X			X	X		57%
Age 50 to 59 years			X				X	29%
Age less than 50 years				X				14%

**Advance Notice**

On March 21, 2013, the Board approved an advance notice policy for nominations of directors by shareholders in certain circumstances, which was approved by the shareholders of the Corporation on June 21, 2013 and is posted on the Corporation’s website. As at the date of this Circular, Lucara has not received notice of any director nominations in connection with the Meeting. Accordingly, at this time, the only persons eligible to be nominated for election to the Board at the Meeting are the above nominees.

**2.4 AMENDMENTS TO THE SHARE UNIT PLAN**

The Board adopted the Share Unit Plan on March 19, 2015, as amended March 18, 2020 and May 6, 2022. A summary of the key terms of the Share Unit Plan can be found under the heading “Equity Compensation Plan Information – The Share Unit Plan”. As at March 15, 2023, there were a total of 31,457,887 Common Shares reserved for issuance under the Share Unit Plan, with 8,673,000 share units (“SUs”) issued and outstanding.

On March 22, 2023, the Board approved certain amendments to the Share Unit Plan to, amongst other amendments of a housekeeping nature: (i) change the termination provisions of the Share Unit Plan such that unvested SUs held by a participant will be cancelled immediately if such participant is terminated without cause; (ii) change the maximum number of Common Shares reserved for issuance under the Share Unit Plan from 10% of the issued and outstanding Common Shares minus the number of Common Shares reserved for issuance under the DSU Plan and the Option Plan, to a fixed maximum of 17,000,000 Common Shares; and (ii) clarify that SUs that are settled for cash will be made re-available for issuance under the Share Unit Plan. A copy of the Share Unit Plan, marked to show the proposed amendments, is appended hereto as Appendix B.

You may either vote for approval of the following resolution or you can vote against. Unless otherwise instructed, the named proxyholders will vote **FOR** the approval of the amendments to the Share Unit Plan.

**“BE IT RESOLVED that:**

- (i) *the proposed amendments to the Share Unit Plan, as further described in the circular delivered in connection with the 2023 annual meeting of shareholders, including the decreased allotment of common shares issuable thereunder to a fixed maximum aggregate of 17,000,000, be and are hereby authorized and approved, subject to final acceptance by the Toronto Stock Exchange; and*
- (ii) *any one director or officer of the Corporation is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such*

*deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions.”*

## 2.5 AMENDMENTS TO THE DSU PLAN

The Board adopted the DSU Plan in February 2020. A summary of the key terms of the DSU Plan can be found under the heading “*Equity Compensation Plan Information – The DSU Plan*”. As at March 15, 2023, there were a total of 4,000,000 Common Shares reserved for issuance under the DSU Plan, with 2,426,106 deferred share units (“DSUs”) issued and outstanding.

On March 22, 2023, the Board approved certain amendments to the DSU Plan to, amongst other amendments of a housekeeping nature, increase the number of Common Shares reserved for issuance under the DSU Plan to a fixed maximum aggregate of 4,500,000. A copy of the DSU Plan, marked to show the proposed amendments, is appended hereto as Appendix C.

You may either vote for approval of the following resolution or you can vote against. Unless otherwise instructed, the named proxyholders will vote **FOR** the approval of the amendments to the DSU Plan.

**“BE IT RESOLVED that:**

- (i) *the proposed amendments to the Deferred Share Unit Plan, as further described in the circular delivered in connection with the 2023 annual meeting of shareholders, including the increased allotment of common shares issuable thereunder to a fixed maximum aggregate of 4,500,000, be and are hereby authorized and approved, subject to final acceptance by the Toronto Stock Exchange; and*
- (ii) *any one director or officer of the Corporation is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions.”*

## 2.6 CONTINUATION OF THE OPTION PLAN, INCLUDING APPROVAL OF CERTAIN AMENDMENTS THERETO AND UNALLOCATED ENTITLEMENTS THEREUNDER, AND RATIFICATION OF CERTAIN STOCK OPTION GRANTS

The Board adopted the Option Plan on March 15, 2015. The Option Plan, as amended March 20, 2019, was last approved by shareholders of the Corporation on May 10, 2019. A summary of the terms of the Option Plan can be found “*Equity Compensation Plan Information – The Option Plan*”. The Option Plan contains evergreen provisions specifying that, if any stock option has been exercised, it will again be available for grant. The rules of the TSX provide that all unallocated options under a stock option plan which contains evergreen provisions must be approved by shareholders every three years. Such approval was not sought at the Corporation’s 2022 annual general meeting and the Option Plan was accordingly discontinued on May 10, 2022. Subsequent to May 10, 2022, the Corporation granted the following stock options:

GRANTEE	NUMBER	GRANT DATE	EXERCISE PRICE	EXPIRY DATE
Eira Thomas	396,000	February 27, 2023	\$0.57	February 27, 2028
Zara Boldt	192,000	February 27, 2023	\$0.57	February 27, 2028
Dr. John Armstrong	165,000	February 27, 2023	\$0.57	February 27, 2028
Naseem Lahri	125,000	February 27, 2023	\$0.57	February 27, 2028
Johane Mchive	100,000	February 27, 2023	\$0.57	February 27, 2028
Non-insiders <sup>(1)</sup>	1,434,000	February 27, 2023	\$0.57	February 27, 2028
<b>Total</b>	<b>2,412,000</b>			

Notes:

<sup>(1)</sup> Represents grants of stock options to non-insiders of the Corporation, as a group.

At the Meeting, the Corporation is seeking approval of the continuation of the Option Plan on the amended terms specified herein and the ratification and approval of the option grants made subsequent to May 10, 2022. Approval is also being sought for the unallocated options under the Option Plan for three years, until May 12, 2025. If shareholder approval is not received for the continuation of the Option Plan or the unallocated options thereunder, the Option Plan will continue to govern options awarded prior to May 10, 2022, however, the options granted subsequent to May 10, 2022 will be cancelled, no further options under the Option Plan will be awarded following the Meeting and expired or cancelled options may not be reallocated.

The aggregate number of Common Shares available at all times for issuance under the Option Plan is 10,000,000. As at March 15, 2023, there were a total of 10,000,000 Common Shares reserved for issuance under the Option Plan, with 7,692,000 options issued and outstanding. Therefore, an additional 2,308,000 options are available for grant.

On March 22, 2023, the Board approved certain amendments to the Option Plan to, amongst other amendments of a housekeeping nature, (i) amend the termination provisions such that vested options held by a participant will be cancelled immediately if such participant is terminated without cause; and (ii) add a cashless exercise feature to the Option Plan, such that, an optionee may choose to undertake a cashless exercise with the assistance of a broker in order to facilitate the exercise of such optionee's options. A copy of the Option Plan, marked to show the proposed amendments, is appended hereto as Appendix D.

The TSX has conditionally approved the continuation of the Option Plan, on the amended terms specified herein, and the issuance of the unallocated options thereunder until May 12, 2025, and has approved the issuance of the options granted subsequent to May 10, 2022, subject in each case to receipt from the Corporation of evidence of Shareholder approval and ratification, as applicable.

You may either vote for approval of the following resolution or you can vote against. Unless otherwise instructed, the named proxyholders will vote **FOR** the continuation of the Option Plan on the amended terms specified herein, the approval of the unallocated entitlements thereunder and the ratification of the option grants made subsequent to May 10, 2022.

***"BE IT RESOLVED that:***

- (i) the continuation of the Incentive Stock Option Plan, as amended by the proposed amendments further described in the circular delivered in connection with the 2023 annual meeting of shareholders, be and is hereby authorized, ratified and approved, subject to final acceptance by the Toronto Stock Exchange;*
- (ii) the grant of an aggregate 2,412,000 outstanding stock options under the Incentive Stock Option Plan on February 27, 2023, in such allocation as further described in the circular delivered in connection with the 2023 annual meeting of shareholders, each option exercisable to acquire one common share in the capital of the Corporation until February 27, 2028 for an exercise price of \$0.57 per share, is hereby ratified, confirmed and approved;*
- (iii) the unallocated options under the Incentive Stock Option Plan be and are hereby approved until May 12, 2025 and the Corporation has the ability to continue granting options under the Incentive Stock Option Plan until such date; and*
- (iv) any one director or officer of the Corporation is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions."*

## 2.7 ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION

As part of Lucara’s commitment to strong governance practices, the Board has provided shareholders with an opportunity to cast an advisory vote on the Board’s overall approach to executive compensation (Say on Pay) at its annual meeting. Lucara’s approach to executive compensation was approved by 97.10% of the shares voted at the 2022 annual meeting. Again, this year, the Corporation is providing shareholders with a non-binding advisory vote on Say on Pay. The Executive Compensation section of this Circular provides details on Lucara’s compensation programs. As outlined in this section, the objectives of these programs are to structure compensation to recruit, retain and motivate qualified, high caliber executives and to link compensation to the performance of the Corporation.

You may either vote for approval of the following Say on Pay resolution or you can vote against. The Board recommends that you vote for this resolution. If you do not specify how you want your shares voted, the named proxyholders intend to cast votes **FOR** the adoption of the advisory resolution on executive compensation.

*“BE IT RESOLVED that on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in this Circular delivered in connection with the 2023 annual meeting of shareholders.”*

Because the vote is advisory it will not be binding upon the Board. However, the Compensation Committee of the Board will review and analyze the results of the vote and take into consideration such results as part of its ongoing review of and responsibility for executive compensation.

## SECTION 3 - CORPORATE GOVERNANCE

### 3.1 STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Lucara is committed to a high standard of corporate governance. The directors believe that a high standard of governance is important for the successful operation of the business and creation of shareholder value. The following provides information about the Board and sets out governance practices now in force.

### 3.2 MANDATE OF THE BOARD OF DIRECTORS

The Board has adopted a formal mandate (see Appendix A).

The principal responsibilities of the Board are to supervise and evaluate management, to oversee the conduct of the Corporation’s business, to set policies appropriate for the business of the Corporation and to approve corporate strategies and goals. The Board is to carry out its mandate in a manner consistent with the fundamental objective of enhancing shareholder value.

Responsibilities which are specific to the Board include:

#### a) Strategy

The Board is responsible for approving the Corporation’s strategy. The Board provides guidance into the strategic planning process. Management is responsible for preparing a five-year strategic plan and budgets which are presented to the Board for discussion and approval. Strategic issues discussed include but are not limited to: competitive developments and corporate opportunities. The Board measures the success of the strategic plan by assessing performance results against annual corporate objectives.

#### b) Risk

The Board is responsible for overseeing the process management uses to identify the principal risks of the Corporation’s business, including climate-related risks and opportunities. The Board oversees the implementation of appropriate risk management systems. The Audit Committee and the Safety, Health, Environmental and Community Relations Committee (the “SHECR Committee”) assist the Board in its

oversight of risk as they relate to Lucara’s operations (including the operations of its active subsidiaries) by monitoring management’s performance in managing and mitigating risks.

**c) Governance**

The Board is responsible for oversight of environmental, social and governance matters, the integrity of the Corporation’s internal control and management information systems and the communication policy with the Corporation’s shareholders, other stakeholders and with the public generally. The Board is responsible for appointing management of the highest caliber who create a culture of integrity throughout the organization and for placing limits on management’s authority. The Board is responsible for the development of the Corporation’s approach to corporate governance and reviewing, at least annually, the corporate governance principles and guidelines which are specifically applicable to the Corporation.

The Board discharges its responsibilities either directly or through its committees.

### **3.3 INDEPENDENCE**

A majority of Lucara’s current directors are independent; six of the seven nominees for election to the Board are independent.

*Assessing Independence of Directors*

The Board is responsible for determining whether a director is independent. It relies on the criteria set by the Canadian Securities Administrators in National Instrument 52-110 *Audit Committees* (“NI 52-110”) and National Policy 58-201 *Corporate Governance Guidelines*.

The Board has reviewed the nominated directors and determined that Eira Thomas is not independent as she is Lucara’s current President & CEO.

*Structures and Processes to Facilitate Independence from Management*

The Board believes that the following structures and processes facilitate the functioning of the Board independently of management:

**a) Chair and Lead Director**

The Chair of the Board position is separate from the CEO position. In the position description for the Chair setting out the responsibilities of the Chair, it is specified that if the Chair is not independent that such responsibilities will be carried out by the Lead Director. In addition, the Lead Director provides leadership for the Board’s independent directors.

**b) Meetings of Independent Directors and Without Management**

To facilitate open and candid discussion among directors, a practice of holding two “in camera” sessions or meetings is normally followed for quarterly Board meetings. The first “in camera” session is for all directors, including the CEO, and the second is only with independent directors present. The “in camera” meetings of independent directors are presided over by the Chair unless he or she is not independent in which case the Lead Director presides over the “in camera” portion of the meeting. The Audit Committee regularly holds sessions with the Corporation’s external auditors without management present to discuss the audit and cooperation from management. Each of the four committees of the Board hold “in camera” sessions as part of the Committee’s regular business.

**c) Committee Membership**

In 2022, the Audit Committee was composed entirely of independent directors and the Compensation Committee and Corporate Governance and Nominating Committee were composed of a majority of independent directors. Mr. O’Callaghan is a member of the Compensation Committee and he chairs the Corporate Governance and Nominating Committee. Prior to Mr. O’Callaghan’s retirement in December 2022 from Blake, Cassels & Graydon LLP (“Blakes”), Mr. O’Callaghan was not considered to be independent as he was a partner at a law firm which provided professional services to the Corporation. In 2022, it was the Board’s view that this relationship did not have an impact on his ability to exercise the independent



judgment required for the two Committees on which he serves. As of January 1, 2023, the Board determined that Mr. O’Callaghan was independent.

**d) Committee Constitution**

Should all the individuals nominated be elected at the Meeting, it is anticipated that the committee members will not change following the Meeting.

**e) Independent Advisor**

Directors may, with the authorization of the Chair or the Corporate Governance and Nominating Committee, engage independent advisors at the expense of the Corporation.

### **3.4 SIZE OF BOARD**

On an annual basis, the Corporate Governance and Nominating Committee considers the size of the Board. If it believes changes are warranted it makes a recommendation to the Board. No changes to the size of the Board are proposed for 2023 where a majority of the directors will be independent. The Board considers it to be an appropriate size which facilitates open dialogue among directors and effective decision making but also ensures there are sufficient directors with the appropriate experience and skills, such as in-depth mining, diamond, and technology experience, to fulfill its responsibilities.

### **3.5 SERVING ON OTHER BOARDS**

Lucara’s directors do not serve on the boards of its competitors. Many do serve on other mining public company boards which may assist these directors in their performance of their duties to the Corporation as such other mining companies may have similar business, regulatory and social issues as Lucara. The public company directorships held by the nominees for this year’s election of directors are included in the Directors’ information section beginning on page 11.

### **3.6 MEETING ATTENDANCE**

The Board held six meetings in 2022. The Audit Committee meets at least every quarter to review the Corporation’s financial statements and MD&A. Other committees typically meet three to four times per year to carry out their mandates. Committees of the Board held a total of eighteen meetings in 2022. The number of meetings and attendance records for all Board and Committee meetings held during 2022 are included in the Directors’ information section beginning on page 11.

### **3.7 POSITION DESCRIPTIONS**

The Board has developed and approved a written position description for the Chair of the Board. The Chair’s primary responsibilities are to: act as the effective leader of the Board and ensure that the Board’s agenda will enable it to successfully carry out its duties; provide leadership to the independent directors; organize the Board to function independently of management; preside as chair at Board meetings and communicate with all Board members to coordinate their input; ensure the accountability of Board members and, provide for the effectiveness of the Board. The Chair acts as the primary liaison between the Board and management.

A general position description for all chairs of the Board’s committees has been approved by the Board. The mandates of each committee are also approved by the Board. These mandates provide the committee chairs with specific responsibilities relating to the committee that they chair. On an annual basis, each committee mandate is reviewed by the applicable committee and changes are recommended to the Board for approval, if applicable.

The Board and the CEO have developed a written position description for the CEO. The CEO has responsibility for general supervision of the business and affairs of the Corporation, subject to the authority of the Board. The CEO is also responsible for making recommendations to the Board regarding the implementation, performance and monitoring, as the case may be, of each of the items referred to in the Board Mandate. Generally, the Board has delegated to the CEO the authority to transact business or approve matters that are in the ordinary course of

business provided these matters do not exceed material levels of expenditures on the part of the Corporation. The Board has established clear limits of authority for the CEO, which are described in the Corporation's Policy of Authorizations.

### **3.8 ASSESSMENT OF BOARD PERFORMANCE**

At the beginning of each calendar year, the Corporate Governance and Nominating Committee distributes a Board effectiveness assessment to directors. This assessment questions members as to their level of satisfaction with the functioning of the Board, its interaction with management and the performance of the standing committees of the Board. Board members conduct peer reviews and a self-assessment regarding their effectiveness as a Board member as part of this assessment process. The individual assessments are returned to the Chair of the Corporate Governance and Nominating Committee with a copy to the Corporate Secretary. The results are compiled for the Corporate Governance and Nominating Committee. Following a review of the results, the Chair of the Committee has one-on-one conversations with each of the directors to ensure the assessment process is candid. The Committee reviews and discusses the results and makes recommendations to the Board regarding any action that may be deemed necessary or advisable to ensure the Board continues to function effectively and adequately perform its mandate. The Board aims for a 100% compliance rate for completion of the assessment by directors, which was achieved this year. The peer reviews and self-assessments by directors are considered as part of the director nomination process. The results of the assessment process held in Q1 2023 indicated that the directors believed that the Board and the Board Committees functioned effectively during the year ended December 31, 2022.

The effective performance of the Board is also monitored by the completion of its annual workplan and completion by the Committees of their annual workplans. These workplans are reviewed annually and list standard items to be dealt with at each Board or committee meeting and any additional items for that year.

### **3.9 ORIENTATION AND CONTINUING EDUCATION**

Included in the Corporate Governance and Nominating Committee's mandate is the requirement to develop, with the assistance of management, an orientation and education program for new recruits. As part of the orientation for all new members, opportunities are provided for the director to meet with other directors and members of Lucara's executive team to discuss the nature and operation of the Corporation's business. The following is also reviewed with each new member: (i) information and materials regarding the Corporation, including the role of the Board and its committees; and (ii) the legal obligations of a director of the Corporation. Each new Board member has access to a comprehensive package of material regarding Lucara through the Board portal service. A more specific orientation program is developed and tailored to meet the individual needs of a new director. For example, if the new director is highly sophisticated about diamond mining matters, orientation on that matter would not be necessary or if a director has a high level of financial expertise, orientation focused on financial literacy may not be included. A new director orientation took place following the election of Mr. Adam Lundin to the Board following the 2022 Annual General and Special Meeting of the Shareholders. The comprehensive director orientation package is made available to all directors.

With regard to continuing education for Board members, the Corporate Governance and Nominating Committee's mandate is to provide for such education for all directors with the assistance of management. As part of the annual director assessment process, directors are canvassed for their input on what additional information would assist them in increasing their effectiveness as directors. The Corporate Governance and Nominating Committee considers directors' responses and makes recommendations. In April 2022, most directors and all the executive officers participated in a ten-year anniversary celebration for the Karowe Mine, which was combined with a ground-breaking ceremony for the Karowe Underground Expansion Project (the "Karowe UGP"). In November 2022, several directors and officers participated in a technical site visit to the Karowe Mine to receive an in person update on the Corporation's operations, including progress on the Karowe UGP and the application of the principles of the Global International Standard on Tailings Management related to existing and planned tailings storage facilities. Also in November 2022, all directors and officers participated in an education session presented by the Lundin Foundation where possible key performance measures related to decarbonization and community impact investment were

discussed.

Directors are regularly informed by the CEO, verbally and through a written monthly report to the Board, of strategic and operational issues affecting Lucara, including the competitive environment, the Corporation’s performance and developments, and risks that could materially impact the Corporation. Directors are also provided with information regarding legislative changes and governance trends, including those related to Environmental and Social Governance (“ESG”) and climate change. From time to time, the Corporation arranges for legal counsel and industry experts to provide status updates and education.

### 3.10 NOMINATION OF DIRECTORS

The Corporate Governance and Nominating Committee, which is presently composed entirely of independent Board members, has the responsibility for proposing nominees for directors to the Board. To assist them in this exercise the Board has approved *Guidelines for the Composition of Lucara’s Board* (the “Guidelines”). These guidelines specify certain qualities, listed below, for consideration when evaluating the composition of the Board and when nominating potential candidates. When tabling these Guidelines, the Board acknowledged that the qualities listed were not intended to be exhaustive and were not listed in terms of their importance. In addition, the Guidelines require the Corporate Governance and Nominating Committee to seek diversity in perspectives, by considering qualified candidates with relevant education and experience of any age, gender, and background. The Guidelines were updated in February 2021 to include:

- i. seeking diversity in perspectives, by considering qualified candidates with relevant education and experience of any age, gender and ethnicity;
- ii. actively seek out highly qualified women to include in the pool from which Board nominees are chosen;
- iii. actively seek out highly qualified Black, Indigenous and People of Color (BIPOC) to include in the pool from which Board nominees are chosen; and
- iv. identify those skills and qualifications which are relevant to trends that affect the Corporation’s business including, but not limited to technology, globalization, business strategy and innovation.

Also, to ensure adherence to the *Board and Executive Officer Diversity and Inclusion Policy*, which is outlined below, this policy was last reviewed in March 2023, with minor amendments incorporated. For 2023, the key skills and experience criteria for Board members remains unchanged.

*Key skills & experience criteria for Board members:*

- Financial accreditation and/or financial literacy
- Sound business experience and expertise
- Corporate governance experience
- Industry specific experience and knowledge
  - Mining
  - Environment
  - Safety and Occupational Health
  - Technology
  - Diamond Market Experience
- Experience in corporate operations
- Financing, M&A experience
- Strong Board skills, such as:
  - Integrity
  - Networking abilities
  - Interpersonal skills
  - Ability to think strategically and act independently
- Independent, as such term is defined by the Canadian Securities Administrators
- Not previously bankrupt
- Prior personal history that is acceptable to regulators
- Willing to devote sufficient time and effort to Board duties



To identify potential nominees that possess the desired skills and competencies, the Committee members may utilize their extensive knowledge of the industry and personal contacts. In addition, the Board and management may also propose candidates to the Committee, or the Committee may, at the Corporation’s expense, retain external consultants to assist in the search for suitable director nominees.

The Corporate Governance and Nominating Committee has approved a form of a Board Candidacy Questionnaire which potential candidates are required to complete as part of the nomination process. The information provided in this form is used to evaluate a candidate’s suitability with the Guidelines.

The Corporate Governance and Nominating Committee requests directors on an annual basis to complete a matrix identifying their experience against a key set of skills and experience deemed desirable for Board members. This matrix is used as a tool by the Board in assessing needs in the context of the nomination process. The individual directors’ skills are included in the matrix depicted beginning on pages 15 and 16.

### 3.11 DIVERSITY & INCLUSION - EXECUTIVE OFFICERS AND BOARD

In 2014, the Board adopted a *Board and Executive Officer Gender Diversity Policy*. In February 2021, this policy was re-named to *Board and Executive Officer Diversity and Inclusion Policy* (the “Diversity Policy”) to acknowledge the inclusion of ethnic diversity. This policy formalizes the following vision for Lucara:

*The Corporation recognizes the importance of identifying and recruiting individuals for Board and Executive Officer positions who possess diversity in age, gender, ethnicity, and experience. The Corporation believes that a diverse board and executive management structure enhances the decision making of the Board and at senior management levels.*

As noted above, with regard to diversity and the Board, measures taken to ensure the policy is effectively implemented include the commitment from the Corporate Governance and Nominating Committee to actively seek out highly qualified women, highly qualified BIPOC individuals and those individuals who possess the skills and qualifications which are relevant to trends that affect the Corporation’s business, to include in the pool from which Board nominees are evaluated and chosen. This commitment is documented in the Guidelines for the Composition of Lucara’s Board.

Regarding diversity and senior management, measures taken to ensure the policy is effectively implemented include the mandate set out in the Diversity Policy that management of Lucara shall, as part of the hiring process of executive officers, actively seek out highly qualified women, highly qualified BIPOC individuals and those individuals who possess the skills and qualifications which are relevant to trends that affect the Corporation’s business. The Diversity Policy also states that the ultimate decision by management to recommend a candidate for appointment as an executive officer shall be made on merit and the contribution the candidate can bring to the position.

The Corporate Governance and Nominating Committee tracks the following information on an annual basis and presents it to the Board:

CURRENT STATUS OF REPRESENTATION OF WOMEN	NUMBER OF WOMEN	TOTAL NUMBER	WOMEN AS A % OF TOTAL
Board Members	3	7	43%
Executive Officers – Lucara Diamond Corp.	2	3	67%
Executive Officers – Lucara Botswana Proprietary Limited	2	4	50%

\*Executive Officer means an individual who is:

- a chair, vice-chair or president;
- a chief executive officer or chief financial officer;
- a vice-president in charge of a principal business unit, division or function including sales, finance or production; or performing

*a policy-making function.*

Pursuant to the Diversity Policy, the Corporate Governance and Nominating Committee is mandated to discuss targets for promoting diversity and make recommendations to the Board. In 2022, the Board set a target that at least 30% of the board members shall be women. No changes to this target are foreseen for 2023. Three of the nominees for election to the Board at the 2023 AGM are women and therefore the objective will be exceeded if the shareholders elect the proposed nominees.

With regards to a gender diversity objective for executive officer positions, the Corporate Governance and Nominating Committee did not recommend a specific target be set for 2023, given that 67% of the Corporation’s executive officers are presently women and 50% of the executives of the Corporation’s major subsidiary are women. The Corporate Governance and Nominating Committee recommended, and the Board agreed, that any executive officer appointments in the future be reviewed with the level of representation of women in executive officer positions in mind and consistent with the Diversity Policy, that management of the Corporation, as part of the hiring process of Executive Officers: (i) actively seek out women having the necessary skills, knowledge and experience to evaluate as potential candidates; and (ii) appointments be made based on a balance of criteria, including the merit and experience of the candidate plus the needs of the Corporation at the relevant time.

Currently there are no set targets for the level of ethnic diversity at either the Board or at the Executive level. Three of the four executives at Lucara Botswana are Black. Pursuant to the terms of the Diversity Policy, the Corporate Governance and Nominating Committee is responsible for monitoring the policy and reporting to the Board on the achievement of any targets set and it is also responsible to review the policy and make recommendations on changes to the Diversity Policy to the Board.

**3.12 DETERMINATION OF DIRECTORS’ COMPENSATION**

The Compensation Committee recommends the amount and form of the compensation of directors. In making recommendations to the Board, it considers the time commitment and responsibilities required to be met by directors. The Compensation Committee is also cognizant that the recommended compensation for directors must not compromise their independence. In 2021 the Compensation Committee retained Global Governance Advisors (“GGA”) to perform a compensation benchmarking exercise for the Executive Team and Board of Lucara and to evaluate and make recommendations with respect to the Corporation’s Peer Group. GGA worked with the Compensation Committee and collaborated with key executives, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), to provide a summary of relevant trends and benchmarking in each major aspect of remuneration to assist the Corporation in remaining competitive. GGA assessed the market competitiveness of executive and director compensation through a benchmarking exercise that considered several similar sized mining and development companies. This benchmarking exercise compared Lucara to fourteen other publicly traded companies of a similar size and industry (mining and development) using compensation information from GGA’s proprietary database. GGA’s work was intended to supplement and update the comprehensive review of executive compensation conducted for Lucara in 2019. The Compensation Committee received an informal update from GGA in December 2022 where compensation practices and trends were discussed and compared to Lucara’s existing practice. The Board determines the amount and form of director compensation after considering recommendations received from the Compensation Committee. No changes to director compensation were recommended for 2023. This information is disclosed in this Circular on pages 52 and 53.

**3.13 DIRECTOR RETIREMENT POLICY AND TERM LIMITS**

The Board has not adopted a retirement policy or limits relating to the time a director can serve. The following sets out the tenure for the seven individuals nominated for election to the Board:

# OF DIRECTORS	TENURE (YEARS)
1	Sixteen
1	Nine



1	Five
2	Three
1	One
<b>Average Tenure (excluding the Executive Director)</b>	<b>Six</b>
1 (Executive Director)	Fourteen

The Board recognizes that term limits can ensure Board refreshment and new perspectives. However, Lucara’s long serving directors have significant in-depth knowledge of Lucara and its business and they are highly valued for their expertise. Long serving directors can provide historical context for consideration in corporate strategic decision making. In addition, these directors have industry connections which are very important to Lucara. The Board believes the risk of imposing director term limits and thereby losing long serving directors who have in-depth knowledge and understanding of the Corporation will not serve the best interests of Lucara or its shareholders. In addition, the Board believes that its assessment process, which includes regular evaluations of the Board and committees, and an annual evaluation of each individual director provides a mechanism to promote Board renewal and regularly assess Board members’ effectiveness. In 2020, two new directors were elected and in 2022, one new director was elected generating Board renewal organically. If all nominees are elected at the Meeting, four of the seven directors (57%) will have been elected to the Board since 2018.

### 3.14 COMMITTEES OF THE BOARD

To assist the Board with its responsibilities, the Board has established four standing committees: the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee (“CGNC”), and the SHECR Committee. The Board may form other committees from time to time as appropriate to address matters the Corporation faces. Each Committee has a written mandate, and it reviews its mandate annually. Also, as discussed above, each Committee has a work outline for the year which covers standard items to be dealt with at the committee meetings and any additional items for that year. The following is a brief summary of the key functions, roles and responsibilities of each of the Board committees.

#### Audit Committee

The Audit Committee consists of three independent directors. As of March 2023, the members were: Marie Inkster (Chair), Catherine McLeod-Seltzer, and David Dicaire, all of whom are financially literate as such term is defined in NI 52-110. Ms. Inkster also meets the definition of a financial expert as that term is defined in NI 52-110. Should the nominated directors all be re-elected, no changes to the Audit Committee composition are foreseen.

The Audit Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Corporation and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Corporation and its subsidiaries.

The Audit Committee assists the Board in its oversight of Lucara’s operations (including the operations of its active subsidiaries) in the following areas:

#### **a) Oversight of the Corporation’s external auditors**

The Audit Committee is responsible for making recommendations regarding the appointment, compensation, retention, or discharge of the independent public accountants as auditors of the Corporation (the “auditors”) who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee. The Audit Committee must pre-approve all auditing services and non-audit services provided to the Corporation by the auditors to the extent and in the manner required by applicable law or regulation

#### **b) Oversight of the accounting, reporting and financial practises of the Corporation**

- i. The Audit Committee reviews with management and the external auditors, significant financial reporting issues, the conduct and results of the annual audit, and significant finance, accounting and disclosure policies and other financial matters;

- ii. The Audit Committee also oversees the financial reporting processes of the Corporation by reviewing the Corporation’s core disclosure documents, which include the annual and interim financial statements, MD&A and annual information form, before recommending these documents for approval by the Board; and
- iii. The Audit Committee reviews the Corporation’s policies and practices with respect to cash management, insurance, related parties and taxation.

**c) Oversight of the Corporation’s risks and risk disclosure**

The Audit Committee exercises an oversight function with respect to the Corporation’s risk disclosure, including material climate-change related risks and management’s assessment of current and potential impacts from material climate-change related risks as those may affect the Corporation’s assets, liabilities, revenues, and expenses over the short, medium and long-term as well as forward-looking information reported.

**d) Governance**

The Audit Committee:

- i. Verifies that management has procedures in place that facilitate compliance with laws relating to insider trading and continuous disclosure;
- ii. Establishes procedures for the receipt, retention and treatment of complaints received by the Corporation regarding the audit or other accounting matters;
- iii. Monitors and assesses the Corporation’s voluntary disclosure to ensure that all material information which requires disclosure is also included in the Corporation’s regulatory filings; and
- iv. Oversees and annually reviews the Corporation’s Code of Business Conduct and Ethics (see “Ethical Business Conduct” beginning on page 31 of this Circular).

For additional information about the Audit Committee, including the Audit Committee Charter, see “Audit Committee Information” in Lucara’s Annual Information Form dated March 13, 2023, which is available on the Corporation’s website or on SEDAR at [www.sedar.com](http://www.sedar.com).

**Information regarding PWC**

PwC have been Lucara’s auditors since 2010. In 2020, the Corporation’s annual audit was put to tender to several audit firms qualified in both Canada and Botswana. Following the tender process, the Audit Committee recommended that PwC be re-appointed as the Corporation’s auditor for the ensuing year.

The Audit Committee pre-approves all services provided by PwC. The fees paid to PwC during 2021 and 2022 were as follows:

FISCAL YEAR ENDING	AUDIT FEES CDN\$( <sup>1</sup> )	AUDIT-RELATED FEES CDN\$( <sup>2</sup> )	TAX FEES CDN\$( <sup>3</sup> )	ALL OTHER FEES( <sup>4</sup> )
December 31, 2022	411,000	60,500	Nil	Nil
December 31, 2021	378,000	158,000	Nil	Nil

- (1) Audit fees represent the aggregate fees billed by the Corporation’s auditors for audit services, rounded to the nearest thousand dollars.
- (2) Audit-related fees represent the aggregate fees billed for assurance and related services by the Corporation’s auditors that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and not disclosed in the Audit Fees column.
- (3) Tax fees represent the aggregate fees billed for professional services rendered by the Corporation’s external auditor for tax compliance, tax advice and tax planning.
- (4) All other fees represent the aggregate of fees billed for products and services provided by the Corporation’s auditors other than services reported under clauses (1), (2) and (3) above.

CGNC

As of March 2023, the members of the CGNC were all independent directors: Peter J. O’Callaghan (Chair, independent as of January 2023 following his retirement from Blakes), Paul Conibear and Catherine McLeod-Seltzer. For the fiscal year ended December 31, 2022, while Mr. O’Callaghan was considered not “independent” for the purpose of being eligible to serve on the Audit Committee under the deeming provisions of NI 52-110 because of his role as a partner at the Corporation’s external legal counsel, Blake, Cassels & Graydon LLP, the Board of Directors determined that there were no facts or circumstances that would reasonably be expected to interfere with the exercise of Mr. O’Callaghan’s independent judgement and as such, considered him to be an independent board member for purposes of serving on the CGNC during fiscal 2022.

The CGNC is responsible for developing and monitoring the Corporation’s approach to corporate governance issues. Should the nominated directors all be re-elected, no changes to the composition of the CGNC are foreseen.

The CGNC assists the Board in the following areas:

**a) Board effectiveness**

The CGNC oversees the effective functioning of the Board, takes steps to support the Board functioning independently of management, identifies possible nominees for the Board, develops an orientation program for new recruits to the Board and provides, with the assistance of management, director education opportunities. It has also set up a system for an annual review of the Corporation’s material policies by applicable Board committees.

**b) Board structure**

The CGNC annually reviews and makes recommendations to the Board with respect to: (i) the appointment of a lead director if the Chair is not independent; (ii) the size and composition of the Board; (iii) the appropriateness of the committees of the Board; and (iv) committee appointments.

**c) Diversity and inclusion**

The CGNC has been mandated under the Board and Executive Officer Diversity and Inclusion Policy to perform certain functions as described on pages 24 and 25 of this Circular under the section “Diversity & Inclusion - Executive Officers and Board.” The CGNC delivers this annual statement on corporate governance to the Board for inclusion in the Circular.

**c) Governance oversight**

The CGNC is responsible for completing an annual review of the Board’s mandate and its own mandate, considering existing corporate governance trends, and if necessary recommending changes for Board approval. Also on an annual basis, the CGNC reviews the Corporation’s policies and procedures to ensure ongoing applicability. The CGNC is responsible for preparing or reviewing any disclosure that must be made or approved by the Board that relates to corporate governance matters.

Compensation Committee

As of March 2023, the Compensation Committee consisted entirely of independent directors: Paul Conibear (Chair), Marie Inkster and Peter J. O’Callaghan. Mr. O’Callaghan was not “independent” during fiscal 2022 for the purpose of being eligible to serve on the Audit Committee under the deeming provisions of NI 52-110 because of his role as a partner at the Corporation’s external legal counsel, Blakes. The Board of Directors determined that there were no facts or circumstances that would reasonably be expected to interfere with the exercise of Mr. O’Callaghan’s independent judgement and as such, considered him to be an independent board member for purposes of serving on the Compensation Committee during fiscal 2022. Mr. O’Callaghan retired from Blakes in December 2022 and as a result, is considered by the Board to be independent. Should the nominated directors all be re-elected, no changes to the Compensation Committee composition are foreseen.

The Compensation Committee assists the Board in the following areas:

**a) CEO compensation**

The Compensation Committee is responsible for evaluating the performance of the CEO in light of pre-

established corporate goals and objectives, and for making recommendations to the Board with respect to compensation levels (including the award of any cash short-term incentives or share ownership opportunities).

**b) Named Executive Officer compensation**

The Compensation Committee is responsible for evaluating the performance of the Named Executive Officer compensation considering pre-established corporate goals and objectives, and for making recommendations to the Board with respect to compensation levels (including the award of any cash short-term incentives or share ownership opportunities).

**c) Director compensation**

To make recommendations to the Board with respect to the adequacy and form of the compensation and benefits of the directors in their capacity as directors so as to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director.

**d) Succession planning**

To establish succession planning for the CEO and oversee the Corporation's succession planning process.

**e) Corporate goals and objectives**

The Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to executive compensation.

**f) Incentive compensation plans**

The Compensation Committee considers the implementation of short and long-term incentive plans, including equity-based plans, proposed by management, and makes recommendations to the Board with respect to these plans. The Compensation Committee reviews the Corporation's incentive compensation plan annually after their implementation and is responsible for reviewing any other benefit plans proposed by management and to make recommendations to the Board with respect to their implementation.

The Compensation Committee is responsible for approving share-based compensation grants including stock options, restricted share units and performance share units, as applicable, to new and existing employees of the Corporation and/or its subsidiaries in accordance with the terms and conditions of the Corporation's shareholder approved share-based compensation plans.

**SHECR**

As of March 2023, the SHECR Committee consisted of a majority of independent directors: Catherine McLeod-Seltzer (Chair), David Dicaire and Eira Thomas. Eira Thomas is the Corporation's CEO and is not independent. It was determined that Ms. Thomas's knowledge of the operations of the Corporation and previous mining experience would assist the Committee in fulfilling its mandate. Should the nominated directors all be re-elected, no changes to the SHECR Committee composition are foreseen. The SHECR Committee assists the Board in its oversight of Lucara's operations (including the operations of its active subsidiaries) in the following areas:

**a) Safety, health, environment, and community risks**

The Committee will review the effectiveness of the Corporation's policies and the SHECR management system for identifying and managing safety, health, environmental and community risks.

**b) Climate-related risks and opportunities**

The Committee will review the Corporation's identification, quantification and disclosure of climate-related risks, opportunities and financial impacts and the activities of Lucara Botswana Proprietary Limited's Climate Action Working Group.

**c) Compliance with applicable legal and regulatory requirements**

The Committee will review the Corporation's policies and SHECR management system for ensuring compliance with applicable safety, health, environmental, legal and regulatory requirements.

**d) Performance in relation to safety, health, environmental, community relations and climate change matters**



The Committee will receive reports from management and review the Corporation’s SHECR performance (including its operating subsidiaries performance) having regard to the safety, health, environmental, community, and climate change consequences of decisions and actions, including the impacts on employees and third parties and on the reputation of the Corporation.

**e) The performance and leadership of the safety, health, environment, and community relations function.**

The Committee will review the annual and longer-term SHECR plans to gain assurance on progress toward the achievement of the SHECR policies. The Committee will review the adequacy of resources available for the SHECR function.

**f) External annual reporting in relation to safety, health, environmental, community relations, and climate change matters**

The Committee will review and recommend to the Board approval of any external reports, including any sustainability reports, make recommendations on specific actions or decisions the Board should consider.

The Committee meets quarterly and provides a written report to the Board with the results of its reviews. The SHECR Committee also makes recommendations on specific actions or decisions the Board should consider.

**3.15 APPROACH TO ENVIRONMENT, SOCIAL AND GOVERNANCE MATTERS**

LUCARA’S APPROACH TO ENVIRONMENT, SOCIAL & GOVERNANCE MATTERS	
Mission	<p><i>Using innovation, creating value, making a difference across the diamond industry</i></p> <p>Lucara believes that sustainability is a long-term commitment that requires focus and discipline to help drive continuous improvements in all areas of our business and is fundamental to our success as an organization and in delivering broad based, lasting economic and social benefits to all our stakeholders and the communities in which we live and work.</p>
Values	<p><b>Respect</b> We respect and listen to our people, our communities, and our local governments.</p> <p><b>Health &amp; Safety</b> What we do at work, we do at home.</p> <p><b>Transparency &amp; Trustworthy</b> Communicating with openness and honesty.</p> <p><b>Collaboration</b> Creating positive economic and social benefits; partnering with our communities.</p> <p><b>Integrity</b> Delivering on our promises and commitments.</p> <p><b>Contribute to the Lundin Group's history of success and excellence</b></p>
Environment	<p>Lucara is committed to sustainable development and continuous improvement. This requires us to apply the precautionary principle in all our planning. Thorough environmental and social impact assessments assist us in developing robust management systems and plans that minimize adverse impacts and identify and maximize opportunities for sustainable investments.</p> <p>Our commitments are set out in our Environmental Policy, which we review every two years, last updated in March 2022. A copy of the Environmental Policy can be found on our website (<a href="#">Link</a>).</p>

Social	<p>Lucara’s contributions extend beyond the creation of jobs. Through collaboration and partnerships, Lucara's investments in sustainable initiatives are aimed at strengthening local communities.</p> <p>Our commitments are set out in our CSR Charter, which we review every two years, and which was last updated in March 2022. A copy of the CSR Charter can be found on our website (<a href="#">Link</a>). In addition, we publish a Sustainability Report annually (<a href="#">Link</a>).</p>
Governance	<p>We have adopted and apply good international corporate governance principles aligned with our values and the requirements of publicly listed mining companies.</p> <p>Corporate responsibility is central to our strategic and operational thinking. We cannot sustain good financial and operational performance without simultaneously achieving our objectives in health and safety, environmental stewardship, human resource development, and community investment.</p>

### 3.16 ETHICAL BUSINESS CONDUCT

The Corporation is committed to conducting its business in compliance with the law and the highest ethical standards. Accordingly, the Board has adopted a written *Code of Business Conduct and Ethics* (the “Code”) for directors, officers, and employees (including Contractors) of the Corporation. The Code was most recently amended in March 2020 when the Board approved certain amendments to the Code to add a new section on Crime and Money Laundering Prevention (clause 4 of the Code). This addition was included to better align with the regulatory requirements in Botswana and Canada which arise for Lucara as a seller of rough diamonds. The Code is available on the Corporation’s website and has been filed on and is accessible through SEDAR at <https://www.sedar.com/>.

If directors, officers, or employees observe or become aware of an actual or potential violation of the Code or of any law or regulation, whether committed by the Corporation’s employees or by others associated with the Corporation they have the responsibility to report the violation and to cooperate with any investigation. Reports may be submitted on a confidential basis to the Chair of the Corporation’s Audit Committee. Following receipt of any complaints, the Audit Committee will oversee the investigation of each matter so reported and report to the Board. The Corporation will not tolerate any reprisals against employees, officers and directors for good faith reporting of compliance concerns or violations.

The Audit Committee has the primary authority and responsibility for the enforcement of the Code, subject to the supervision of the Board. It reviews the Code on an annual basis and makes recommendations regarding compliance monitoring. Online training sessions on compliance with the Code are conducted through a third-party service provider to enhance understanding and promote compliance with the Code. All employees and contractors at the Corporation’s Karowe mine in Botswana, as well as at the head office of its subsidiary, Lucara Botswana Proprietary Limited and all the Corporation’s directors, executive officers and employees are expected to complete this training.

With regards to conflicts, all directors have an obligation to act in the best interest of the Corporation. In accordance with the Code, any situation that presents an actual or potential conflict between a director’s personal interests and the interests of the Corporation must be reported to the Chair of the Corporation’s Audit Committee. In addition, the Corporation’s Articles contain disclosure and voting restrictions that must be followed when a director or officer has an interest in an agreement or transaction with the Corporation being considered by the Board. The Audit Committee is mandated to review and monitor all related third party contracts that may be entered into by the Corporation.

In addition to the Code, the Audit Committee has established a Policy and Procedures for the Receipt, Retention and Treatment of Complaints Regarding Accounting or Auditing Matters or “*Whistleblower Policy*” to encourage contractors, employees, officers, and directors to raise concerns regarding accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment.

Another example of the Board’s commitment to the highest ethical standards is the Corporation’s *Corporate Social*



*Responsibility Charter.* The Charter specifies, among other things, that Lucara will impact positively on the quality of life of members of the local community and conduct its activities to meet or exceed standards in the protection and promotion of human rights. As part of its commitment outlined in the Charter, the Corporation participates in a sustainability reporting process. This process is monitored by the SHECR Committee and historically has utilized the Global Reporting Initiatives 4 (“GRI 4”) guidelines. The Corporation’s Sustainability Report for fiscal 2022 (to be published mid-2023) will adopt the updated Sustainability Accounting Standards Board (“SASB”) Standards and continue to incorporate the recommendations of the Task Force on Climate-Related Financial Disclosures (“TCFD”). In 2022, the Corporation participated in the “Early Adopter Program” for the enhanced Communication on Progress (“CoP”) of the United Nations Global Compact (“UNGC”). A reporting cycle has been set up which involves a program of data collection, communication, and responses. The annual Sustainability Report is intended to share the Corporation’s approach to ESG matters. The report provides information on several areas, including the Corporation’s financial, operational, and social performance (social performance includes, for example, an evaluation of the Corporation’s impact on human rights), details on our tailings storage facilities and environmental data related to our use of water and energy and our greenhouse gas emissions. Dust and air quality, land management and biodiversity are also included in the annual Sustainability Report as is information on our approach to reclamation. This monitoring of ESG assists the Corporation in conducting its business to meet high ethical standards.

In 2020 the Corporation adopted a *Responsible Mining Policy* which outlines the actions the Corporation is taking to address ESG issues, as well as the objective of planning for a positive legacy. In 2021, the Corporation introduced a *Human Rights Policy* which is available on the website.

In 2016, Lucara became a member of the Responsible Jewellery Council (the “RJC”), a not-for-profit standard setting organization, which defines responsible ethical, human rights, social and environmental practices for businesses in the jewellery supply chain via a Code of Practices. Lucara is fully committed to adhering to the RJC Code of Practices. In 2021 Lucara was independently audited against the RJC Code of Practices, including our representations related to diamond provenance and we received our RJC member certification, valid until 2024. Further information on the RJC and its Code of Practices can be found at: [www.responsiblejewellery.com](http://www.responsiblejewellery.com).

Lucara is also a registered participant in the UNGC, the world’s largest corporate sustainability initiative. As a participant, Lucara is committed to implement and advocate the principles of the UNGC on human rights, labour, environment, and anti-corruption. Further information on the UNGC and their stated principles can be found at [www.unglobalcompact.org](http://www.unglobalcompact.org). In 2023, for the fourth consecutive year, Lucara has been included in the Globe and Mail’s “Women Lead Here”, a benchmark on female leadership in corporate Canada.

### **3.17 DIFFERENCES FROM SWEDISH CORPORATE GOVERNANCE CODE**

The Nasdaq Stockholm exchange in Sweden has a set of rules of corporate governance which are set forth in the Swedish Corporate Governance Code (the “Swedish Code”). Lucara has a secondary listing on the Nasdaq Stockholm exchange, however as its primary exchange is the TSX it follows the Corporate Governance rules applicable to a TSX listed company under Canadian securities laws (“Canadian Corporate Governance Rules”). There are differences between shareholder rights in Sweden, including the Swedish Code requirements, and Canadian Corporate Governance Rules. A description of the key differences is on Lucara’s website ([www.lucaradiamond.com](http://www.lucaradiamond.com)).

### **3.18 SHAREHOLDER COMMUNICATIONS**

Structures are in place to promote effective communication between the Corporation, its shareholders, and the public. The Corporation has established a *Disclosure Policy* which is available on its website or on SEDAR at [www.sedar.com](http://www.sedar.com). This Policy sets out the internal structure that Lucara has established to effectively manage the dissemination of material information. In addition, the Corporation’s investor relations group responds to shareholders concerns on an individual basis. Shareholders are informed of corporate developments by the issuance of timely press releases which are concurrently posted to Lucara’s website and SEDAR.

Shareholders or other interested parties may communicate directly with the Chair of the Board, the Chair of the Audit Committee and other independent directors by writing to them at Lucara's Vancouver office, at the following address (envelopes should be marked Confidential and addressed to the attention of the appropriate party):

*Lucara Diamond Corp., 1250 Homer Street, Suite 502, Vancouver, B.C., Canada, V6B 2Y5*

## SECTION 4 – EXECUTIVE COMPENSATION

### 4.1 2022 COMPENSATION DISCUSSION AND ANALYSIS

#### Objectives

The goal of Lucara's executive compensation philosophy is to structure remuneration packages that are sufficiently attractive to recruit, retain and motivate qualified, high caliber executives.

Lucara's compensation practices are based on a pay-for-performance philosophy in which assessment of performance is based on the Corporation's financial and operational performance as well as individual contributions.

The compensation program is designed to reward each executive based on corporate and individual performance and is also designed to incent such executives to drive the organization's growth in a sustainable and prudent way long-term.

The following key principles guide the Corporation's overall compensation philosophy:

- Be sufficiently attractive to recruit, retain and motivate qualified, high caliber executives;
- Provide executives with compensation that is in accordance with existing market standards;
- Align the interests of Lucara's executives with those of its shareholders; and
- Link individual executive compensation to the performance of both Lucara and the individual executive.

Lucara's compensation philosophy has been designed to:

- Provide competitive base salaries that are targeted around the median (P50) of the Peer Group (defined herein); and
- Provide a market competitive incentive opportunity (through short and long-term incentives) that targets the median of the Peer Group with the ability to earn higher compensation closer to the 75<sup>th</sup> percentile for superior performance.

#### Elements of Compensation and Reward Structure

Executive compensation is comprised of three elements:

**1. Base salaries.** This is the basic method of compensating executives. Base salaries are reviewed using a comparator group (see Compensation Benchmarking described below), thereby enabling the Corporation to compete for and retain executives critical to the Corporation's long-term success. Lucara's executives have employment contracts which entitle them to receive a base salary provided they fulfill the job responsibilities associated with their position description. As payment of base salaries does not depend on the performance of any specific targets or goals it is not viewed as "at risk" compensation.

**2. Short-term Incentives ("STIP").** Executives have no contractual right to a short-term incentive payment and as such, this form of compensation is clearly "at risk". Such payments are made solely in the discretion of the Board. Short-term incentives are considered by the Board on the recommendation of the Compensation Committee. The decision by the Compensation Committee to recommend payment of short-term incentives is based on executives meeting agreed and pre-approved criteria. For Fiscal 2022, a "Balanced Scorecard" approach was again used as this type of plan more commonly aligns with market practices (see the Short-Term Incentive Program Framework described in Performance Goals on page 36). The Board uses the payment of short-term incentives to motivate and reward executives for meeting short-

term performance goals which benefit the Corporation.

**3. Long-term Incentives (“LTIP”).** The Corporation’s performance-based equity incentives include stock options, restricted share units (“RSUs”) and performance share units (“PSUs”). PSUs were introduced in 2020 and have increased in weighting each year since they were introduced. The grants made in 2022 represented 50% of the LTIP granted (stock options and restricted share units were each weighted at 25%). The PSU grants in February 2023 represented 62.5% of the LTIP granted, with RSUs representing 25% and stock options 12.5%. All equity-based incentives are administered by the Board. The Compensation Committee makes annual recommendations to the Board for grants of stock options and share units following the applicable year end and considers previous grants when determining award levels. The awards are made based on corporate and personal performance achievements for the previous year. This basis for providing grants is to ensure that an executive who demonstrates high performance in exceeding goals will over the long-term receive higher level of awards and the strong performance of the Corporation will result in executives receiving equity grants which have a higher value over the long-term. This form of compensation aligns the interests of executive officers with the longer-term interests of shareholders as the exercise price of options cannot be set below the market value of the Corporation’s shares at the time of the grant. As options and share units vest over time they are an important executive retention strategy for Lucara. Stock options and share units are another form of compensation that is “at risk”.

The Corporation recognizes that its compensation package must be sufficient to attract and retain the right level of skill, expertise, and talent in an increasingly competitive global market. The structure of the remuneration package must be well-balanced across short-, medium- and long-term elements, so that it is both attractive to the individual and cost effective for the Corporation.

In summary, Lucara uses base salary compensation to reward executives for effectively fulfilling their employment responsibilities, short-term incentives to reward executives for achieving short-term performance goals and share-based awards, consisting of stock options, restricted share units and performance share units as a retention strategy and to reward executives for the achievement of the Corporation’s long-term business strategy. By providing base salary at a competitive level the Corporation can attract talented candidates. However, the short-term incentive provides executives with the opportunity to achieve a higher total annual reward through their own delivery of excellence at individual and business levels. Finally, the longer-term reward element (share-based awards), provides the opportunity to build ownership and better aligns with shareholder interests.

#### Compensation Benchmarking

##### Peer Group

In 2021, a compensation survey was completed by GGA, an external firm retained by Lucara’s Compensation Committee to conduct a compensation benchmarking exercise for its executive team and Board (the “2021 GGA Report”). The Compensation Committee uses the 2021 GGA Report when making recommendations to the Board on executive compensation, with a view to structuring the Corporation’s executive compensation for continued alignment to the market and shareholder interests. The Compensation Committee reviewed GGA’s annual Mining Salary Survey as part of its review and recommendations for director and executive compensation recommendations for 2023.

A compensation peer comparator group of mining companies was developed by GGA (the “Peer Group”) using the following criteria:

- Companies of a fairly similar size to Lucara (0.25x to 4x), primarily from a market capitalization perspective, but also taking into account other factors such as total revenue and total assets;
- Companies with operations in similar geographical locations to Lucara to account for geographic risk;
- Companies mining for precious metals (specifically diamonds), where possible;
- Companies who are operational and not exclusively in the exploration stage; and
- Companies currently operating a single mining asset.

In addition, data from companies of a similar size to Lucara from within GGA’s proprietary mining database was provided to the Compensation Committee as a "reality check" of the primary Peer Group data.

Using these criteria as a guideline, the Compensation Committee reviewed the Peer Group in November 2022 and reduced the number to twelve companies, a decrease of two from the Peer Group owing to the removal of companies no longer being publicly listed. The Peer Group includes four diamond companies as set out in the table below:

	COMPANY NAME	SYMBOL	STOCK EXCHANGE
1.	Caledonia Mining Corporation	PLCCMCL	NYSE, LSE
2.	Calibre Mining Corp.	CXB	TSX
3.	Galiano Gold Inc.	GAU	TSX, NYSE
4.	Gem Diamonds Ltd.	GEMD	LSE
5.	Jaguar Mining Inc.	JAG	TSX
6.	Karora Resources Inc.	KRR	TSX
7.	Mandalay Resources Corp.	MND	TSX
8.	Mountain Province Diamonds Inc.	MPVD	TSX, NASDAQ
9.	Petra Diamonds Limited	PDL	LSE
10.	Platinum Group Metals Ltd.	PTM	TSX (NYSE: PLG)
11.	Robex Resources Inc.	RBX	TSX
12.	Star Diamond Corp.	DIAM	TSX

In determining compensation levels for 2023 and performance-based awards for 2022, the Compensation Committee used data from the Peer Group and other available information. The Compensation Committee also considered the following objectives:

- Total direct compensation to be targeted around the 50<sup>th</sup> percentile of the Peer Group;
- Reviewing the benchmark allocation between Base Salary, STIP and LTIP recommended by GGA, but with a move towards a greater weighting of “at-risk” compensation;
- A greater weighting towards PSUs (at 62.5% of target LTIP), with the opportunity to earn additional share units should superior performance (up to 150%) be achieved related to pre-determined metrics) combined with a reduction in the weighting of stock options as part of the LTIP mix (12.5%); and
- Consideration of past practice (adjusted for actual performance) for the size and value of proposed share-based awards, including key person retention incentives.

Benchmarking - Executive Salaries

To develop its recommendations to the Board related to executive compensation, the Compensation Committee reviewed:

1. GGA’s 2022 Global Mining Compensation Survey Report;
2. the 2021 GGA Report which was prepared specifically for Lucara and included a peer group analysis, an evaluation of Total Direct Compensation (“TDC”) (base salary plus short-term incentive and long-term incentive) levels and a high-level analysis of Lucara’s short and long-term incentive design practices relative to the market); and,
3. various other compensation advisory firm papers issued in 2022.

Following a review of this information, the Compensation Committee recommended, and the Board of Directors approved, TDC targeted at the 50<sup>th</sup> percentile of the 2021 GGA Report Peer Group, with minor modifications related to each executive’s experience and particular skill set.



Following several years without an adjustment, the annual base salaries for Ms. Thomas, Ms. Boldt and Dr. John Armstrong were increased for fiscal 2022. For fiscal 2023, executive salaries were increased by 5% as set out in the table below:

OFFICERS – JANUARY 1, 2023	2023 SALARY (CAD\$) <sup>(1)</sup>
Chief Executive Officer – Eira Thomas	\$757,000
Chief Financial Officer & Corporate Secretary - Zara Boldt	\$446,000
Vice President Technical Services - John Armstrong	\$362,000

(1) During 2022, Ms. Boldt was a resident of the UK and received the Pounds Sterling equivalent of the amounts presented in Canadian Dollars in the table above, based on a fixed conversion rate of UK£=CAD1.61, rounded to the nearest thousand Canadian Dollars.

### Benchmarking Director Compensation

The 2021 GGA Report was used for a review of director compensation. This review indicated that director cash compensation was comparable to that of the Peer Group but, due to the lack of equity compensation, overall director compensation was less than market. The 2021 GGA Report highlighted that more than 2/3rds of Lucara’s Peer Group provided equity compensation to directors, typically in the form of DSUs. The Corporation adopted a DSU Plan (defined herein) in February 2020. This plan was subsequently approved by shareholders at annual meetings in May 2020 and May 2022. Directors may elect to take up to 100% of their cash compensation in the form of DSUs.

For 2023, no changes were recommended for director cash compensation, which has remained unchanged since 2017.

### Performance Goals

In 2020, the Corporation adopted a “Balanced Scorecard” plan design to determine STIP payments for executives. This change was made to better align the Corporation’s STIP with the leveraged plan design more commonly used by the Corporation’s peers. A leveraged plan design communicates a lower percentage of base salary and then provides a multiplier (typically between 150% and 200%, the Corporation chose 150%) when stretch targets are achieved.

EXECUTIVE – 2022 STIP OPPORTUNITY	THRESHOLD	TARGET	SUPERIOR
Eira Thomas, President & CEO	40%	80%	120%
Zara Boldt, CFO & Corporate Secretary	30%	60%	90%
John Armstrong, Vice-President, Technical Services	25%	50%	75%

For 2022, the “Balanced Scorecard” included four metrics critical to the achievement of the Corporation’s goals that were measured as part of the “Corporate” Key Performance Indicators (“KPIs”). Specific performance criteria for each of “threshold”, “target” and “superior” performance were developed for these four key metrics:

- Environment, health, safety and social (“EHSS”);
- Revenue, production and cost;
- Underground expansion; and
- Clara Diamond Solutions, the Company’s wholly-owned digital diamond sales platform (“Clara”).

### Alignment of Compensation Programs and Risk Management

Risk management is a primary consideration of the Board when implementing its compensation program. The compensation program is structured to reduce the focus on short-term results and excessive risk taking by implementing the following strategies:

- Payments of short-term incentives, if any, are not made until performance goals have been met. Managing risk in the areas of safety, environmental and corporate social responsibility is extremely important to Lucara and hence the Corporation's record on safety, environmental and corporate social responsibility is an important factor when considering short-term incentives.
- The Board implemented a claw-back of compensation that applies to all annual short-term incentive payments awarded on or after January 1, 2017. The claw-back applies to the officers of the Corporation and provides the Corporation with the discretion to recover a short-term incentive payment in the event it is found that the achievements relating to such payment involved fraud, theft, or other intentional illegal conduct on such officers' part.
- Commencing in 2019, the Board recommended that a claw-back provision also be applied to long-term incentive awards earned by officers of the Corporation. On March 20, 2019, the Board approved the inclusion of this claw-back provision and certain other amendments to the Option Plan (defined herein).
- The Corporation's Option Plan includes vesting provisions over time which reduces the risk of short-term decision making. The Board sets standard vesting terms on stock option grants which align optionees' interests with longer term growth of the Corporation, using a 4 year term and 36-month vesting provisions such that the first third of the options vest one year after grant, the second third vest two years after the grant date and the final third vest three years from the grant date. The stock options granted in 2023 cliff vest after three years (in February 2026) and have a five-year term to align with key milestone dates for the Karowe UGP.
- Pursuant to the terms of the Corporation's Share Unit Plan, restricted share units awards do not vest until three years after the date of the award which reduces the risk of short-term decision making. On March 18, 2020 the Board approved the inclusion of a claw-back provision and certain other amendments to the Share Unit Plan. This covers both restricted and performance share unit awards.
- Beginning in February 2020, the Corporation incorporated performance share units as a component of the Corporation's LTIP. Under the terms of the Corporation's Share Unit Plan, the number of PSUs that ultimately vest will be dependent on the achievement of pre-established metrics. For the PSUs granted in 2020 and 2021 (vesting in 2023 and 2024), metrics were based on a combination of total shareholder return (50% weighting) and cashflow from operations (50% weighting), measured at the end of a three-year period. Beginning with the grant of PSUs in 2022, 50% of the PSU's granted will be measured on total shareholder return at the end of a three-year period, and 50% of the PSU's granted will be measured on the achievement of specific, annual milestones related to the Karowe underground expansion program. These metrics were also used for the PSUs granted in February 2023. PSU metrics have been set with the objective of alignment to shareholder interest, reducing the risk of short-term decision making.
- Board members and executive officers are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the director or officer.
- The Board has established share ownership guidelines for non-employee directors to demonstrate their commitment to Lucara's long-term success and to align their interests with shareholders. Non-employee directors must own or control shares with a value, calculated at the time of stock purchase or at the current share purchase price, whichever is greater, equal to twice the value of the basic annual retainer of CAD\$100,000. These shares must be acquired within four years of joining the Board. As of the date of this Circular, all directors standing for re-election met these guidelines.
- The Board also believes it is important for senior management to have equity ownership in the Corporation to demonstrate their commitment to Lucara's long-term success and to align with shareholders. This is consistent with the nature of the Corporation's long-term incentive program which includes the issuance of both stock options and share units (only share units count towards the share ownership requirement). Under the share ownership guidelines for executives, the ownership level should be achieved by the executive within five years of the implementation of the guidelines (the guidelines were adopted February 23, 2020), or if an officer is appointed after implementation, within five years of their appointment as an

officer.

Prior to 2020, the executive share ownership requirement was a flat number of shares. The *Executive Share Ownership Guidelines* were revised as of February 23, 2020 such that Officers of the Corporation must own Qualifying Shares with a value, calculated at the time of the stock purchase or at the current share purchase price, whichever is greater, equal to a multiple of the Officer’s annual base salary.

Executive share ownership as of the date of the Circular is set out in the table below:

POSITION AND MULTIPLE OF ANNUAL BASE SALARY REQUIRED	SHARE OWNERSHIP VALUE REQUIRED <sup>(1)</sup>	# OF SHARES OWNED	# OF RESTRICTED SHARE UNITS GRANTED <sup>(2)</sup>	# OF PERFORMANCE SHARE UNITS GRANTED <sup>(2)</sup>	ASSESSMENT
CEO – 3.0x	\$2,271,000	5,720,565	1,181,000	1,674,000	Compliant
CFO - 1.5x	\$669,000	476,319	627,000	836,000	Compliant
VP, Technical Services – 1.0x	\$362,000	425,592	546,000	724,000	Compliant

(1) Share ownership value required is based upon the Executive’s 2023 base salary

(2) Unvested restricted and performance share units held by an executive count towards the achievement of the applicable ownership guideline.

Consultant Work and Fees

No compensation consultants were retained in 2022. In 2021, the Compensation Committee retained GGA to review and make recommendations regarding director and executive compensation. GGA were paid a fee of CAD\$35,281 plus GST for these services rendered in 2021.

Role of Management in Determining Compensation

The accountability for decisions on executive remuneration is within the mandate of the Board with recommendations from the Compensation Committee; however, management has a key role in helping support the Compensation Committee in fulfilling its obligations. For example, the CEO will make specific recommendations to the Compensation Committee with respect to compensation for the other executive officers of the Corporation that are based on the Committee’s compensation philosophy and incentive programs approved by the Committee. The Board of Directors has ultimate responsibility for evaluating the CEO’s performance and determining CEO compensation.

Composition of the Compensation Committee

The Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Corporation. The Compensation Committee consists of three directors, all of whom are independent directors as of the date of the Circular. The Compensation Committee members are: Paul Conibear (Chair), Marie Inkster and Peter J. O’Callaghan. Should the nominated directors all be re-elected, no changes to the Compensation Committee composition are foreseen. In 2022, the Compensation Committee met a total of six times with all members of the Compensation Committee being present for each meeting.

Skills and Experience of Compensation Committee Members

All members of the Compensation Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. Two of the three members have served as the CEO for a public company, and therefore have a good understanding of how compensation works and how to motivate employees. Mr. O’Callaghan was a senior partner at a national Canadian law firm during 2022 and has served as a member of that firm’s national executive committee and national compensation committee and was the managing partner of one of the firm’s large regional offices. All members have financial expertise which allows them to assess the costs versus benefits of the Corporation’s compensation plans. The members combined experience in the resource sector provides them with the understanding of the Corporation’s success factors and risks which is very important when determining metrics

for measuring success.

The Compensation Committee members for the year ended December 31, 2022 were as follows:

NAME	INDEPENDENT <sup>(1)</sup>	EDUCATION AND EXPERIENCE RELEVANT TO PERFORMANCE OF COMPENSATION COMMITTEE DUTIES
Paul Conibear	Yes	Mr. Conibear, an engineer, was in a senior executive role in the resource sector until mid-2018 and has extensive experience in serving as a compensation committee member with other public company boards.
Marie Inkster	Yes	Ms. Inkster has served as both a CEO (2018-2021) and as a CFO (2009-2018) of companies within the mining industry and therefore has relevant experience in compensation matters.
Peter J. O’Callaghan	Yes	Mr. O’Callaghan is a securities lawyer and has experience advising many public companies on a variety of matters, including compensation. He has served as a member of his firm’s national executive committee and national compensation committee and was the managing partner, until his retirement in December 2022, of one of his firm’s large regional offices.

<sup>(1)</sup> A member is independent if he/she has no direct or indirect material relationship with the Corporation which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment or is otherwise deemed to have a material relationship under NI 52-110. Until his retirement in December 2022, Mr. O’Callaghan was a senior partner at the law firm of Blakes. While Mr. O’Callaghan did not provide legal advice to the Corporation directly, other partners at his firm did. As a result of this relationship during 2022, Mr. O’Callaghan was not considered independent. Following his retirement from Blakes, the Board has determined that Mr. O’Callaghan is independent.

#### 4.2 COMPENSATION OF NAMED EXECUTIVE OFFICERS

Lucara’s Named Executive Officers (“NEOs”) for 2022 include the Corporation’s CEO and CFO, and the three other most highly compensated executives of the Corporation and its subsidiaries. Two of the NEOs hold positions with Lucara’s indirect, wholly-owned subsidiary, Lucara Botswana Proprietary Limited (“Lucara Botswana”).

The list of NEOs is as follows:

NAME	TITLE	DATE OF APPOINTMENT
Eira Thomas	President and Chief Executive Officer, Lucara (“CEO”)	February 25, 2018
Zara Boldt	Chief Financial Officer and Corporate Secretary, Lucara (“CFO”)	April 1, 2018
Dr. John Armstrong	Vice President, Technical Services, Lucara (“VP Technical Services”)	August 2, 2013
Naseem Lahri	Managing Director, Lucara Botswana (“Lucara Botswana MD”)	May 1, 2018 <sup>(1)</sup>
Johane Mchive	General Manager, Karowe Mine (“Lucara Botswana GM”)	June 1, 2017

<sup>(1)</sup> Prior to her appointment as Managing Director, Ms. Lahri served as the CFO for Lucara Botswana

#### 2022 Named Executive Officer Compensation Results

The Board reviewed Lucara’s 2022 performance and the analysis and recommendations of the Compensation



Committee and approved all decisions on executive compensation for the three NEOs who were Lucara officers in 2022: the CEO, CFO and the VP Technical Services (the “Officer NEOs”). The Board also approved decisions, based on the CEO’s and the Compensation Committee’s recommendations, for the awards for long-term incentives for the Managing Director of Lucara Botswana and the Lucara Botswana GM (the “Lucara Botswana NEOs”). The Lucara CEO and CFO reviewed Lucara Botswana’s performance and the individual performance of the Lucara Botswana NEOs and made decisions regarding: (i) their Base Salaries; and (ii) short-term incentive using a set of KPIs similar to the KPIs applicable to the assessment of performance for the Officer NEOs.

(i) Base Salaries

As discussed above under Benchmarking - Executive Salaries, the Compensation Committee considered benchmarking data for the Officer NEOs. The Lucara CFO’s salary was adjusted mid-2021 and the salaries of the other Officer NEOs were increased as of January 1, 2022. Officer NEO compensation is established in Canadian Dollars but paid in British Pounds Sterling for the Lucara CFO who currently resides in the UK.

As noted above, the Lucara Botswana NEOs are employees of the Corporation’s subsidiary Lucara Botswana. As neither of the Lucara Botswana NEOs are officers of the Corporation, their salaries are not reviewed by the Compensation Committee but are determined by the Lucara CEO and CFO. The Lucara Botswana NEOs are compensated in Botswana Pula (“BWP”).

(ii) Long-term Incentives

In determining the quantum of long-term incentive awards for the Officer NEOs, the total potential amount available to be earned was based on TDC at the 50<sup>th</sup> percentile of the Peer Group, using the 2021 GGA Report with an escalator of 4% applied to determine the value to be granted in February 2023, less amounts paid for base salary and the target short-term incentive. The resulting dollar value (“LTIP Award Amount”) was then used to determine the number of stock options and share units granted, with a weighting of 12.5% to stock options, 25% to RSUs and 62.5% to PSUs. The Compensation Committee determined that a greater weighting towards performance-based compensation would be appropriate, given the significant capital program underway at the Karowe mine in Botswana and the importance of that project to the Corporation’s growth plans.

An option value of \$0.25 was used to determine the number of stock options to be granted (the Black-Scholes value of the stock option grant on February 27, 2023 was \$0.25) and a share price of \$0.65 was used to determine the number of RSUs and PSUs to be granted (the actual share price on the February 27, 2023 date of grant was \$0.57).

Stock Options

The NEOs each received stock option grants in February 2023 based on individual and the Corporation’s 2022 performance, their level of responsibility and their ability to impact the Corporation’s results (the value of such option grants, calculated using the Black-Scholes option pricing methodology, is set out below in the Summary Compensation Table). For 2023, the weighting of stock option awards was 12.5% as a percentage of total LTIP, a decrease from a 25% weighting of the total annual LTIP award in 2022.

POSITION	EXECUTIVE	FEBRUARY 2023 OPTION GRANT <sup>(1)</sup>
President and CEO	Eira Thomas	396,000
CFO & Corporate Secretary	Zara Boldt	192,000
VP Technical Services	John Armstrong	165,000
Lucara Botswana MD	Naseem Lahri	125,000
Lucara Botswana GM	Johane Mchive	100,000

(1) Based on 2022 Performance

Share Units



The Compensation Committee views the granting of share units as an important method, when combined with the minimum share ownership levels for officers, to align senior management’s interests with shareholders and to promote retention. The NEOs received share unit awards in February 2023, based on their individual performance, the Corporation’s 2022 performance, their level of responsibility and their ability to impact the Corporation’s results (the value of such awards is set out below in the Summary Compensation Table).

For 2023, the weighting of PSU awards as a percentage of total LTIP increased to 62.5% (from 50%) while the weighting of the RSUs as a percentage of total LTIP remained constant at 25% (from 2022).

POSITION	EXECUTIVE	FEBRUARY 2023 RESTRICTED SHARE UNIT AWARD <sup>(1)</sup>	FEBRUARY 2023 PERFORMANCE SHARE UNIT AWARD <sup>(1) (2)</sup>
President and CEO	Eira Thomas	303,000	761,000
CFO	Zara Boldt	147,000	371,000
VP Technical Services	John Armstrong	129,000	315,000
Lucara Botswana MD	Naseem Lahri	145,000	190,000
Lucara Botswana GM	Johane Mchive	110,000	120,000

(1) Based on 2022 Performance. Actual common shares issued will depend on the achievement of the performance metrics of the grant and could range between 0% and 150%. The numbers in the table above assume achievement of 100% of the pre-determined metrics.

(2) Should Superior performance (150%) be achieved for all of the 2023 PSU grant metrics, an additional 878,500 common shares would be issued to the Officer NEOs and the Lucara Botswana NEOs, collectively.

Performance criteria for the 2023 PSU awards will be based on three criteria:

1. The total shareholder return of Lucara (25% weighting) over a three-year lookback period with the Corporation’s share price of \$0.50 as of December 31, 2022 as the measurement point.
2. The total shareholder return of Lucara’s Diamond Peer Group (25% weighting) over a three-year lookback period.
3. Annual construction milestones for each of 2023 to 2025 (50%) measured and settled annually over the three-year period against the underground expansion program’s schedule, budget, and safety record.

(iii) Annual Short-Term Incentives

The Officer NEOs are eligible for short-term incentives following an assessment by the Compensation Committee in accordance with the Corporation’s STIP framework for executives, which uses a “Balanced Scorecard” approach to measure achievement. Short-term incentives related to fiscal 2022 performance metrics were paid in February 2023 (following the release of the Corporation’s 2022 audited financial results).

The short-term incentive payments for the Lucara Botswana NEOs were determined by the Lucara CEO and CFO following an evaluation of performance against several operational KPIs related to safety and the environment, operational performance, financial targets, and leadership.

The 2022 performance metrics and the assessment of achievement against those performance metrics for the Officer NEOs are described below. The weighting of the 2022 performance evaluation was 75% corporate KPIs and 25% individual performance for each of the Officer NEOs, the same weighting used for the 2021 performance evaluations.

Overview of 2022 Corporate Performance

The Karowe diamond mine completed its tenth year of continuous operations and successfully delivered on all key financial and operating metrics, including safety, production, processing, sales, and revenues, with costs trending below guidance and continued access to sufficient liquidity to support the Corporation’s growth plans. Several important milestones were achieved for the Karowe underground expansion project in 2022, including the

completion of all pre-sinking activities on schedule and budget, the execution of a main shaft sinking contract, the commencement of main shaft sinking and the completion of a new power line on schedule and budget. The first grouting phase in the production shaft commenced in December 2022 (and was successfully completed in February 2023), confirming the planned approach and methodology to be effective. Delays and a slower than anticipated ramp up in shaft sinking cycle times impacted the project schedule in 2022. The diamond market remained healthy and stable in 2022, though price softening was observed in the latter half of the year which impacted revenues year over year, achieving the mid-range of guidance.

- All key operational and financial metrics from the Corporation’s 2022 Guidance were achieved, including 3.3 million tonnes of ore and 1.5 million tonnes of waste mined, and 2.8 million tonnes of ore processed.
- Revenue for the year ended December 31, 2022 totalled \$212.9 million, including \$9.1 million through Clara.
- A total of 327,028 carats were sold through the Corporation’s three sales channels, generating revenue of \$165.4 million before top-up payments of \$38.4 million for the year ended December 31, 2022.
- A strong U.S. dollar helped to mitigate increases in input costs, resulting in an operating cash cost of \$27.94 per tonne of ore processed<sup>(1)</sup> for the year ended December 31, 2022.
- Cash flow of \$96.2 million from operating activities.
- \$35.7 million in sales transacted on Clara, with approximately 40% of sales from third-party goods transacted, reflecting a positive trend towards increased diversification of supply and less reliance on Karowe production.
- \$106 million invested in the Karowe underground expansion project during 2022 with a total project to-date investment of \$226.1 million. Several significant milestones were achieved in 2022 including:
  - Substantial completion of surface civil works, including headgear erection and winder installs on time and within budget.
  - Main shaft sink activities started in both the ventilation and production shafts to depths below collar of 179 metres and 132 metres, respectively.
  - Commencement of grouting programs in each shaft during December.
  - Completion and energization of the bulk power upgrade consisting of a 29km, 132kV power line and the Letlhakane and Karowe substations.
  - Procurement of underground mobile equipment and the signing of a contract for construction and supply of a bulk air cooler.

The achieved performance for the 2022 corporate KPIs was as follows:

*(1) See “Non-IFRS Financial Performance Measures”*

KPI	WEIGHTING	ACHIEVEMENT	SUMMARY ASSESSMENT (SEE DETAILED ANALYSIS BELOW TABLE)
EHSS	10%	90%	Overall good achievement against a majority of KPIs in each category; Strong safety record maintained (LTIFR: 0.00; AIFR: 0.70; TRIFR: 0.40)
Revenue, Production and Cost	50%	100%	Production and revenue targets achieved with carats recovered and grade achieved 5% better.
Underground	35%	50%	Civil works and site infrastructure completed on target during H1; slower than anticipated ramp-up in shaft-sinking cycle times in H2.

Clara	5%	50%	Several key financial metrics not achieved, although good progress in other areas observed.
<b>Total</b>	<b>100%</b>	<b>79%</b>	<b>Weighted average achievement of 2022 Corporate KPIs</b>

### A. Environment, Health, Safety & Social – Target Performance Achieved

KEY CRITERIA	ACHIEVEMENT	DETAILED ASSESSMENT
Safety metrics	Target	<ul style="list-style-type: none"> <li>Achieved LTIFR: 0.00</li> <li>Achieved AIFR: 0.70</li> <li>Achieved TRIFR: 0.40</li> </ul>
Environmental	Superior	<ul style="list-style-type: none"> <li>No material or reportable environmental non-compliance</li> </ul>
Decarbonization strategy	Target	<ul style="list-style-type: none"> <li>Development of potential KPIs related to decarbonization initiatives, pending completion of a feasibility study for solar power (now expected in 2023 rather than 2022)</li> <li>Renewable energy continues to be included as a component of CDIs, where practical</li> </ul>
Tailings Management	Target	<ul style="list-style-type: none"> <li>Re-addressed consequence rating of the tailing storage facility based on the Global International Standard for Tailings Management (“GISTM”)</li> <li>Multiple reviews of the facility with the Legal Appointee, external experts and directors and management</li> <li>Development of a governance framework</li> </ul>
Governance	Target	<ul style="list-style-type: none"> <li>Areas of focus in 2022 included addressing minor non-conformances arising from Towards Sustainable Mining (“TSM”) and ISO 45001 certifications in 2021</li> <li>Assessment of ISO 14001 accreditation requirements and development of an action plan to achieve accreditation in 2024</li> </ul>
Community Development Initiatives (“CDIs”)	Superior	<ul style="list-style-type: none"> <li>One CDI achieved self-sufficiency during 2022; several others are tracking well to achieve self-sufficiency during 2023</li> </ul>
Sustainable Development Goals (“SDGs”)	Superior	<ul style="list-style-type: none"> <li>Implemented programs related to targets set for the three Sustainable Development Goals (“SDGs”) in focus in 2022 (SDG 7,13 and 15).</li> </ul>

### B. Revenue, Production and Costs – Target Performance Achieved

KEY CRITERIA	AGAINST 2022 BUDGET	ASSESSMENT
Ore Mining	On plan	Operational adjustments during the year to mitigation potential rock fall risk and allow for access to South Lobe material resulted in less waste tonnes mined than planned. In total, 4.8 million tonnes mined.
Waste Mining	Below plan	

Ore Processed	On plan	Processed 2.77 million tonnes of ore during the year
Carats Recovered	+5%	Recovered 335,769 carats in 2022
Carats Sold	+1%	Sold 327,028 carats
Grade	+5%	Average grade was 12.12
Revenue	-3%	Measurement criteria excludes sales of “exceptional” stones (individual diamonds which sell for > \$10 million)

KEY CRITERIA	DESCRIPTION	ASSESSMENT
F/X Assumption	US \$1.00 = BWP 11.0	Cost per tonne processed, adjusted for F/X, was \$31.35
Ore Tonnes Processed	2,756,814 tonnes	2,770,039 ore tonnes processed
Adjustments	<b>Achieved: Within 1% of target for cost per tonne processed after calibration to remove f/x and volume variances</b>	

**C. Underground Expansion – Threshold Performance Achieved**

ORIGINAL OBJECTIVES	ASSESSMENT
Safety: Project TRIFR <= 1.8 (Threshold) and <= 0.90 (Target)	Project TRIFR of 0.96
No material non-compliance with government regulations	Achieved
Main sink started for both the production and vent shafts	Achieved in Q2 (ventilation shaft) and Q3 (production shaft)
Powerline energized	Achieved on December 30 <sup>th</sup>
Overall project schedule on target at year-end	Not achieved due to slower ramp up in main sink activities
Overall revised project budget (\$546.5 million) on target at year-end	Not achieved due to slower ramp up in main sink activities.
People management, training & development to meet stakeholder expectations	Achieved

**D. Clara – Threshold Performance Achieved**

KEY CRITERIA	ASSESSMENT
Targets related to: <ul style="list-style-type: none"> <li>• Margin generation</li> <li>• 3<sup>rd</sup> party sales volumes</li> <li>• Market depth</li> <li>• Reduction of computational costs on a per stone basis</li> </ul>	Year-over-year sales volumes increased from \$28.7 million to \$35.7 million, and the platform generated revenue of \$9.1 million (up from \$2.1 million in 2021) from the sale of third-party goods, although the achieved amounts (and margin generated) were below the targets set for 2022. Market depth (as measured by successful bids spread over multiple buyers) and computational cost reductions were achieved.

**E. Individual Performance Ratings**

The ratings for each of the Officer NEOs and the Lucara Botswana Officers are set out in the table below. In making the assessment of the Officer NEOs performance, the Compensation Committee considered the ramp-up challenges experienced with main sinking at the Karowe underground expansion program.

The following chart sets out the performance metrics achieved and STIP award paid to each of the NEOs:

POSITION	EXECUTIVE	% OF STIP METRICS ACHIEVED	TARGET STIP (%) <sup>(1)</sup>	STI PAYMENT (%) <sup>(1)</sup>	STI PAYMENT (CAD\$) <sup>(2)</sup>
CEO	Eira Thomas	75%	80%	60%	434,000
CFO	Zara Boldt	81%	60%	49%	207,000
VP Technical Services	John Armstrong	75%	50%	38%	130,000
Lucara Botswana MD	Naseem Lahri	82%	90%	74%	257,000
Lucara Botswana GM	Johane Mchive	69%	75%	52%	152,000

<sup>(1)</sup> As a percentage of base salary, rounded to the nearest thousand Canadian Dollars

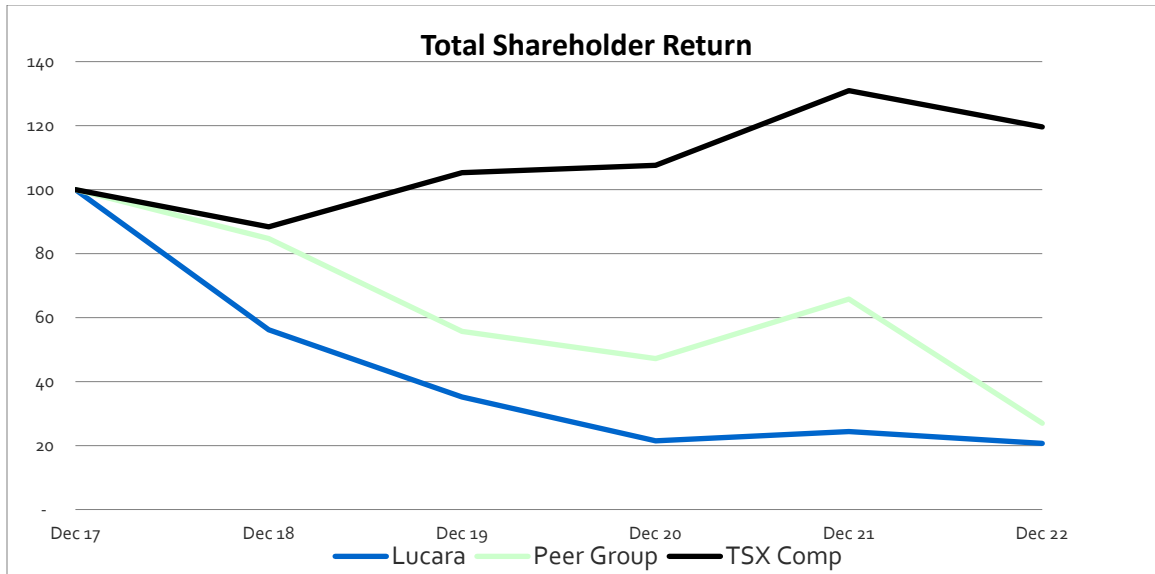
<sup>(2)</sup> The following conversion rates, being the Bank of Canada average rates for 2022, were used to convert the STIP payment earned by the Lucara Botswana NEOs in 2022 from the Botswana Pula into Canadian Dollars: CAD\$1.00=BWP9.49.

Areas of focus for each NEO were as follows:

POSITION	EXECUTIVE	KEY FOCUS AREAS (INDIVIDUAL)
CEO	Eira Thomas	Overall leadership, growth (underground expansion, Clara), shareholder engagement.
CFO	Zara Boldt	Balance sheet management, governance, and sustainability
VP Technical Services	John Armstrong	Operations, underground expansion, sustainability
Lucara Botswana MD	Naseem Lahri	Overall leadership, operations, government relations
Lucara Botswana GM	Johane Mchive	Operations, health, safety, and sustainability

#### Performance Graph

The following graph shows the total cumulative return on a CAD\$100 investment in Common Shares from December 31, 2017 compared to the cumulative total return of the TSX Composite Index and a diamond sector index comparator group, consisting of Petra Diamonds Ltd., Mountain Province Diamonds Inc., Gem Diamonds Limited and Star Diamonds Corporation, through the five years ending December 31, 2022, assuming reinvestment of all dividends.



The share performance as set out in the graph above does not necessarily indicate future price performance. Amounts below are stated in Canadian dollars. The shares trade on the TSX under the symbol “LUC”.

Two of the three Officer NEOs were appointed during the year ended December 31, 2018. Total compensation in 2018 included “New Hire Stock Option Grants” and “New Hire Share Unit Grants” awarded to the NEOs appointed in 2018, as well as an initial share unit grant to the Lucara Botswana MD.

In 2019, total NEO compensation was largely unchanged as TDC was targeted at P50 of the Corporation’s Peer Group. The diamond industry overall experienced significant decreases in equity value and the rough diamond market remained under significant pricing pressure in late 2018 and 2019. This impact is visible in the total shareholder return in comparison to the TSX composite.

In 2020, total NEO compensation was again targeted at P50 of the Peer Group, with a greater emphasis on “at risk” compensation and a move to a “Balanced Scorecard” approach for STIP. Lucara has outperformed its Peer Group with strong operational results, although the 2020 financial results reflected a very challenging market for diamond equities.

In 2021 and 2022, total NEO compensation remained targeted at P50 of the Peer Group, “at risk” compensation continued to be emphasized and increased in each year and the “Balanced Scorecard” approach for STIP implemented in 2020 was further refined. Lucara has outperformed its Peer Group with strong operational results, and an exceptional safety record. Following several years without adjustment, the annual base salaries for the Officer NEOs were increased effective July 1, 2021 (Lucara CFO) and as of January 1, 2022 for the Lucara CEO and Lucara VP Technical Services. An increase of 5% will take effect as of January 1, 2023.



### 4.3 SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	SALARY (CAD\$)	OPTION-BASED AWARDS <sup>(2)</sup> (CAD\$)	SHARE AWARDS <sup>(3)</sup> (CAD\$)	NON-EQUITY ANNUAL INCENTIVE PLAN <sup>(4)</sup> (CAD\$)	ALL OTHER COMPENSATION <sup>(5)</sup> (CAD\$)	TOTAL COMPENSATION <sup>(1)</sup> (CAD\$)
Eira Thomas CEO	2022	721,000	94,000	609,000	434,000	—	1,858,000
	2021	700,000	94,000	630,000	770,000	—	2,194,000
	2020	700,000	24,000	462,000	548,000	—	1,734,000
Zara Boldt CFO	2022	425,000	44,000	288,000	207,000	58,000	1,022,000
	2021	400,000	56,000	371,000	350,000	—	1,202,000
	2020	375,000	31,000	289,000	220,000	—	915,000
Naseem Lahri Lucara Botswana MD	2022	346,000	31,000	192,000	257,000	109,000	935,000
	2021	345,000	33,000	206,000	243,000	108,000	935,000
	2020	322,000	23,000	173,000	201,000	91,000	810,000
John Armstrong VP Technical Services	2022	345,000	39,000	255,000	130,000	—	769,000
	2021	330,000	48,000	320,000	227,000	—	925,000
	2020	330,000	24,000	189,000	163,000	—	706,000
Johane Mchive Lucara Botswana GM	2022	294,000	25,000	128,000	152,000	98,000	697,000
	2021	290,000	25,000	150,000	139,000	84,000	688,000
	2020	271,000	17,000	116,000	131,000	73,000	608,000

<sup>(1)</sup> All amounts in the Summary Compensation Table are rounded to the nearest thousand Canadian dollars. Ms. Thomas and Dr. Armstrong were paid in Canadian Dollars and British Pounds Sterling during 2020 and in Canadian Dollars in 2021 and 2022. Ms. Boldt was paid in British Pounds Sterling. Ms. Lahri and Mr. Mchive were paid in Botswana Pula. A fixed conversion rate of CAD\$1.00=UK£0.59 was used to convert the salary paid to Ms. Boldt in the table above. The following conversion rates were used to convert salary payments for presentation in Canadian Dollars:

- Financial year ended December 31, 2022 average exchange rate of Botswana Pula 1=CAD\$0.105.
- Financial year ended December 31, 2021 average exchange rate of Botswana Pula 1=CAD\$0.113.
- Financial year ended December 31, 2020 average exchange rate of Botswana Pula 1=CAD\$0.117.

<sup>(2)</sup> This column represents stock options granted in the corresponding year of the table. The information presented for share-based compensation awards for 2021 and 2020 has been adjusted to represent the awards granted in the year shown in the table. The amounts represent the fair value, on the date of grant, of awards made under Lucara's Option Plan. The value has been determined using the Black-Scholes model. The amount presented in the table represents the fair value of the vested and unvested portion of the options granted for the period. For accounting purposes, the fair value is amortized over the applicable vesting periods. Stock option values are calculated in Canadian dollars. It should be recognized that the actual future value will be based on the difference between the market value at time of exercise and the exercise price. Therefore, the value attributed to the stock options under the Black-Scholes model does not necessarily correspond to the actual future value that will be realized. The Black-Scholes option pricing model incorporates key assumptions dealing with risk free interest rate, expected stock price volatility, expected life and expected dividend yield. When determining the award value for 2022, an option value of CAD\$0.50 was used. This compares to the Black-Scholes value of CAD\$0.25 which is used for accounting/presentation purposes in the table above.

<sup>(3)</sup> This column represents share units granted in the corresponding year of the table. The information presented for the awards for 2021 and 2020 has been adjusted to represent the awards for those years. The amount presented in the table represents the fair value of the share unit (calculated as the fair value of one common share) as at the date of grant, presented in Canadian dollars. The Corporation's RSUs and PSUs vest three years from the date of grant. In determining the number of RSUs and PSUs to be granted, the Compensation Committee used an estimated share price of CAD\$0.60; the share price at the date of grant was CAD\$0.64.



- (4) This column represents STIP awards earned in respect of the corresponding year's performance. Payment of the 2022 STIP award was made in February or March 2023. Payment of the 2021 STIP award was made in February or March 2022. Payment of the 2020 STIP award was made in March 2021. STIP payments for employees of Lucara Botswana were made in Botswana Pula and translated to Canadian dollars at the rates disclosed in note (1) to the table.
- (5) Amounts in this column typically consist of benefits greater than CAD\$50,000 or 10% of the executive's base salary which are not given to all employees. Ms. Boldt receives a housing allowance of GBP3,000 per month. Ms. Lahri and Mr. Mchive, as employees of Lucara Botswana, receive a gratuity in lieu of a pension, calculated at 20% of base salary as well as certain allowances related to housing, vehicles, and medical insurance. The gratuity is required by law and is payable every three years.

**Pension Plan Benefits**

The Corporation does not have any defined benefit or actuarial plan for Lucara employees. Lucara Botswana senior management, due to their employment in Botswana, are entitled by law to receive a gratuity equivalent to 15% of their base salary for the first 3 years of employment and 20% of their base salary thereafter in lieu of a pension. These amounts are accrued on an annual basis and paid every third year.

**Liability Insurance**

The Corporation is obligated to provide all Officer NEOs with liability insurance appropriate to the nature of their responsibilities.

**Termination and Change of Control Benefits- NEOs**

Except as disclosed below, all Officer NEOs have written employment agreements with Lucara. The Lucara Botswana Executives each have a written employment agreement with Lucara Botswana.

NAME AND TITLE	SALARY	STIP	LTIP	OTHER BENEFITS <sup>(1)</sup> / KEY TERMS	ESTIMATED TERMINATION PAYMENT <sup>(2)</sup>
Eira Thomas, President & CEO	24 months	Payment equal to average STIP award earned in 2 years prior to termination	All share based compensation (stock options and share units) becomes fully vested upon termination. Performance share units are subject to the achievement of the performance criteria and will continue until the measurement date (typically 3 years from the date of grant)	Termination clauses "A" and "B"	\$2,116,000 (rounded)
Zara Boldt, CFO & Corporate Secretary	18 months	Payment equal to the STIP award earned in the year prior to termination		Termination clauses "A" and "B"	\$948,000 (rounded)
Dr. John Armstrong, Vice-President, Technical Services	12 months	Payment equal to the STIP award earned in the year prior to termination <sup>(4)</sup>		Termination clauses "A" and "C"	\$541,000 (rounded)
Termination Clause "A"	Pursuant to the employment agreement in effect on December 31, 2022, if the Lucara NEO's employment had been terminated without cause, they would have been entitled to the payment set out in the table above.				
Termination Clause "B"	Pursuant to the employment agreement in effect on December 31, 2022, if the Lucara				

	NEO's employment had terminated their employment for "good reason" <sup>(3)</sup> , they would have been entitled to receive the compensation set out in the table above.
Termination Clause "C"	Pursuant to the employment agreement in effect on December 31, 2022, if the Lucara NEO's employment had been terminated upon a change of control of the Corporation to an entity not affiliated with the Lundin family and the Lucara NEO's employment was either terminated without cause or the Lucara NEO elected to terminate their employment, they would have been entitled to receive the compensation set out in the table above.

(1) All Officer NEOs are entitled to a continuation of benefits for 12 months following termination.

(2) Estimated amount of cash compensation payable should the Lucara NEO's employment have been terminated on December 31, 2022. The estimated value of each Officer NEO's share-based compensation which would have vested had the Lucara NEO's employment been terminated on December 31, 2022 would have been \$1.2 million for the CEO, \$0.7 million for the CFO and \$0.5 million for the VP Technical Services, using the closing share price of \$0.50 as at December 31, 2022.

(3) "Good Reason" includes: a material reduction in the Lucara NEO's base salary or entitlement to receive incentives, a material reduction in the scope of the Lucara NEO's services, a requirement that the Lucara NEO relocate or a material breach by the Corporation of the Lucara NEO's employment agreement.

(4) STIP shall not exceed the Lucara NEO's annual salary

Ms. Lahri, Lucara Botswana MD

Pursuant to the employment agreement between Lucara Botswana and Ms. Lahri, if Ms. Lahri's employment is terminated without cause she will be entitled to receive a payment equal to 3 months' salary and a payment with respect to an accrued 20% gratuity in lieu of a pension. In addition, as her employment with Lucara Botswana is longer than two years, her share options and share units will become fully vested in the event her employment is terminated without cause. It is estimated the total value of Ms. Lahri's severance package would have been CAD\$85,000 (rounded) if a termination of her employment had occurred on December 31, 2022. The estimated value of share-based compensation which would have vested had her employment been terminated on December 31, 2022 would have been \$400,000.

Mr. Mchive, Lucara Botswana GM

Pursuant to the employment agreement between Lucara Botswana and Mr. Mchive, if Mr. Mchive's employment is terminated without cause he will be entitled to receive a payment equal to 3 months' salary and a payment with respect to an accrued 20% gratuity in lieu of a pension. In addition, as his employment with Lucara Botswana is longer than two years, his share options and share units will become fully vested in the event his employment is terminated without cause. It is estimated the total value of Mr. Mchive's severance package would have been CAD\$71,000 (rounded) if a termination of his employment had occurred on December 31, 2022. The estimated value of share-based compensation which would have vested had his employment been terminated on December 31, 2022 would have been \$275,000.

Outstanding Option and Share based Awards

The following table sets forth for each NEO all awards outstanding at the end of 2022.

NEO	GRANT DATE	OPTION-BASED AWARDS				SHARE-BASED AWARDS		
		NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	OPTION EXERCISE PRICE (CAD\$)	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS (CAD\$) <sup>(1)</sup>	NUMBER OF SHARES OR UNITS OF SHARES THAT HAVE NOT VESTED <sup>(3)</sup> (#)	MARKET PAYOUT VALUE OF SHARE-BASED AWARDS THAT HAVE NOT VESTED <sup>(2)</sup> (CAD\$)	MARKET PAYOUT VALUE OF SHARE-BASED AWARDS NOT PAID OUT OR DISTRIBUTED (CAD\$)
Eira Thomas	February 25, 2019	138,000	1.64 <sup>(4)</sup>	February 25, 2023	–	–	–	–
President &	February 26, 2020	105,000	0.77 <sup>(5)</sup>	February 26, 2024	–	600,000	300,000	–

NEO	GRANT DATE	OPTION-BASED AWARDS				SHARE-BASED AWARDS		
		NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	OPTION EXERCISE PRICE (CAD\$)	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS (CAD\$) <sup>(1)</sup>	NUMBER OF SHARES OR UNITS OF SHARES THAT HAVE NOT VESTED <sup>(3)</sup> (#)	MARKET PAYOUT VALUE OF SHARE-BASED AWARDS THAT HAVE NOT VESTED <sup>(2)</sup> (CAD\$)	MARKET PAYOUT VALUE OF SHARE-BASED AWARDS NOT PAID OUT OR DISTRIBUTED (CAD\$)
CEO	February 25, 2021	345,000	0.79 <sup>(6)</sup>	February 25, 2025	–	840,000	420,000	–
	February 28, 2022	381,000	0.66 <sup>(7)</sup>	February 28, 2026	–	951,000	475,500	–
Zara Boldt CFO	February 25, 2019	69,000	1.64 <sup>(4)</sup>	February 25, 2023	–	–	–	–
	February 26, 2020	135,000	0.77 <sup>(5)</sup>	February 26, 2024	–	375,000	187,500	–
	February 25, 2021	204,000	0.79 <sup>(6)</sup>	February 25, 2025	–	495,000	247,500	–
John Armstrong VP, Technical Services	February 28, 2022	180,000	0.66 <sup>(7)</sup>	February 28, 2026	–	450,000	225,000	–
	February 25, 2019	96,000	1.64 <sup>(4)</sup>	February 25, 2023	–	–	–	–
	February 26, 2020	105,000	0.77 <sup>(5)</sup>	February 26, 2024	–	246,000	123,000	–
	February 25, 2021	177,000	0.79 <sup>(6)</sup>	February 25, 2025	–	427,000	213,500	–
Naseem Lahri Lucara Botswana MD	February 28, 2022	159,000	0.66 <sup>(7)</sup>	February 28, 2026	–	399,000	199,500	–
	February 25, 2019	96,000	1.64 <sup>(4)</sup>	February 25, 2023	–	–	–	–
	February 26, 2020	100,000	0.77 <sup>(5)</sup>	February 26, 2024	–	225,000	112,500	–
Johane Mchive Lucara Botswana GM	February 25, 2021	120,000	0.79 <sup>(6)</sup>	February 25, 2025	–	275,000	137,500	–
	February 28, 2022	125,000	0.66 <sup>(7)</sup>	February 28, 2026	–	300,000	150,000	–
	February 25, 2019	84,000	1.64 <sup>(4)</sup>	February 25, 2023	–	–	–	–
	February 26, 2020	75,000	0.77 <sup>(5)</sup>	February 26, 2024	–	150,000	75,000	–
	February 25, 2021	90,000	0.79 <sup>(6)</sup>	February 25, 2025	–	200,000	100,000	–
	February 28, 2022	100,000	0.66 <sup>(7)</sup>	February 28, 2026	–	200,000	100,000	–

(1) Based on the closing price of the Common Shares on the TSX on December 31, 2022 of CAD\$0.50 per Common Share, less the exercise price of the in-the-money stock options. These stock options have not been, and may never be, exercised and the actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

(2) The value is based on the closing price of the Common Shares on the TSX on December 31, 2022 of CAD\$0.50.

(3) Share units include all units that have not vested, including units issued in lieu of cash dividends applicable to outstanding share units held when a dividend was paid by the Corporation. Share units vest three years from the date of grant.

(4) One third vesting occurred 12, 24 and 36 months after the date of grant, being February 25, 2020, February 25, 2021 and February 25, 2022, respectively. As at the date of this Circular, all stock options granted on February 25, 2019 expired on February 25, 2023. As the options were not “in-the-money” at the time of expiry, none were exercised.

(5) One third vesting will occur 12, 24 and 36 months after the date of grant, being February 26, 2021, February 26, 2022 and February 26, 2023, respectively.

(6) One third vesting will occur 12, 24 and 36 months after the date of grant, being February 25, 2022, February 25, 2023 and February 25, 2024, respectively.

(7) These values represent all unvested options. One third vesting will occur 12, 24 and 36 months after the date of grant, being February 28, 2023, February 28, 2024 and February 28, 2025, respectively.

#### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for each NEO’s incentive plan awards during 2022.

NAME	OPTION-BASED AWARDS – VALUE VESTED DURING THE YEAR <sup>(1)</sup> (CAD\$)	SHARE-BASED AWARDS – VALUE VESTED DURING THE YEAR <sup>(2)</sup> (CAD\$)	NON-EQUITY INCENTIVE PLAN COMPENSATION-VALUE EARNED DURING THE YEAR <sup>(3)</sup> (CAD\$)
Eira Thomas	–	70,000	434,000
Zara Boldt	–	36,000	207,000
Naseem Lahri	–	49,000	257,000
John Armstrong	–	49,000	130,000
Johane Mchive	–	43,000	152,000

- (1) Calculated using the closing price of the Common Shares on the TSX on the dates on which stock options vested during 2022, or if the TSX is not open on such date, the closing price of the Common Shares on the TSX on the last date that the TSX is open preceding the vesting date and subtracting the exercise price of in-the-money stock options; rounded to the nearest thousand Canadian Dollars.
- (2) Calculated using the closing price of the Common Shares on the TSX on the dates on which share units vested during 2022, or if the TSX is not open on such date, the closing price of the Common Shares on the TSX on the last date that the TSX is open preceding the vesting date; rounded to the nearest thousand Canadian Dollars.
- (3) This column represents short-term incentive plan payments referred to earlier in the Circular, the incentive payment is paid in 2023 for 2022 performance. Ms. Boldt is paid in British Pounds Sterling and that amount was converted from Canadian dollars to payment currency at a rate of CAD\$1.00=UK£0.62. Ms. Lahri and Mr. Mchive were paid in Botswana Pula and that amount was converted to Canadian dollars for presentation in the table above. The following conversion rates were used to convert the 2022 short-term incentive plan payments Botswana Pula 1=CAD\$0.105.

## SECTION 5 – COMPENSATION OF DIRECTORS

The following table sets forth the details of compensation provided to directors in 2022, other than Eira Thomas. Ms. Thomas, Lucara’s CEO, did not receive compensation for her service as a director.

DIRECTORS – 2022	FEES CASH-BASED (CAD\$)	FEES SHARE-BASED AWARDS (CAD\$) <sup>*<sup>(1)</sup></sup>	SHARE-BASED AWARDS (CAD\$) <sup>*<sup>(2)</sup></sup>	TOTAL FEES EARNED (CAD\$)
Paul Conibear	123,000	-	36,000	159,000
David Dicaire	-	110,000	30,000	140,000
Marie Inkster	57,500	57,000	34,800	149,300
Adam Lundin	-	65,000	-	65,000
Catherine McLeod-Seltzer	110,000	-	33,000	143,000
Peter J. O’Callaghan	-	110,000	33,000	143,000

### Notes to Director Compensation table:

<sup>1</sup> This column represents fees paid in DSUs in lieu of receipt of cash. Share units’ values were calculated in Canadian dollars based on the fair value of Common Shares on the grant date. The amount presented in the table represents the fair value of the share unit as at the date of grant. The Corporation’s DSUs vest immediately and are paid out to a director upon retirement from the Board.

<sup>2</sup> This column represents share unit awards earned as part of a directors’ remuneration. Share units’ values were calculated in Canadian dollars based on the fair value of Common Shares on the grant date. The amount presented in the table represents the fair value of the share unit as at the date of grant. The Corporation’s DSUs vest immediately and are paid out to a director upon retirement from the Board.

In 2019, the Compensation Committee retained GGA to perform benchmarking for director compensation, which was updated in the 2021 GGA Report. The 2019 benchmarking data showed that the directors’ annual retainers were generally in line with the cash compensation paid to directors of the companies in the Peer Group, but that most of the Peer Group companies also provide some form of share-based compensation (stock options, deferred share units, etc.) as part of the director compensation package. As a result, in February 2020 the Board adopted the DSU Plan and made an initial grant to Directors. The DSU Plan was subsequently approved by Shareholders at the May 2020 annual meeting.

The Compensation Committee recommended (and the Board approved) a decision not to increase the cash compensation paid to non-executive directors in 2022 (nor in 2023).

DIRECTORS’ FEES	ANNUAL FEE PAID (CAD\$)
Each non-executive director’s annual base remuneration	100,000
The Chair of the Board and the Chair of the Audit Committee each receive additional compensation	15,000
Lead Director, the Chair of the SHECR Committee, the Chair of the Corporate Governance and Nominating Committee, and the Chair of the Compensation Committee, receive additional compensation	10,000
Effective for the year commencing January 1, 2022, a director who participates in the Technical Advisory Committee (which is not a committee of the Board) received additional compensation	10,000
Deferred share units are granted pursuant to the terms of the Corporation’s DSU Plan and are awarded at the discretion of the Board, typically following a recommendation from the Compensation Committee	

Lucara reimburses directors for any reasonable travel and out-of-pocket expenses relating to their duties as directors. No fees were paid for attendance at meetings. The Corporation provides all directors with liability insurance.

Outstanding Option-Based Awards

There were no outstanding option-based awards held by the directors of the Corporation at the end of 2022, other than Eira Thomas who is a NEO (see above).

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during 2022 by each director, other than Eira Thomas who is a NEO (see above).

DIRECTORS – 2022	SHARE-BASED AWARDS – VALUE VESTED DURING THE YEAR (CAD\$) <sup>(1)</sup>
Paul Conibear	36,000
David Dicaire	140,000
Marie Inkster	91,800
Adam Lundin	65,000
Catherine McLeod-Seltzer	33,000
Peter J. O’Callaghan	143,000

<sup>(1)</sup> Calculated using the closing price of the Common Shares on the TSX on the dates on which share units vested during 2022, or if TSX is not open on such date, the closing price of the Common Shares on the TSX on the last date that the TSX is open preceding the vesting date.

## SECTION 6 – OTHER INFORMATION

### 6.1 EQUITY COMPENSATION PLAN INFORMATION

As at December 31, 2022, the Corporation had three compensation plans under which equity securities of the Corporation were authorized for issuance. The Share Unit Plan for executive compensation was approved on May 13, 2015 by the shareholders and amended most recently on May 6, 2022, the Option Plan was approved by shareholders on May 13, 2015, and amended most recently on March 20, 2019, and the DSU Plan for directors was approved on May 8, 2020. Proposed amendments to all three of the foregoing compensation plans are being put forth for Shareholder approval at the Meeting. The following information is presented as at the Corporation’s fiscal year-end of December 31, 2022, unless otherwise specified.

#### ***Equity Compensation Plan Information (as at fiscal year end December 31, 2022)***

PLAN CATEGORY	NUMBER OF COMMON SHARES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS/SHARE UNITS	AS A % OF ISSUED AND OUTSTANDING	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS (CAD\$)	NUMBER OF COMMON SHARES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER THE PLAN (EXCLUDING SECURITIES REFLECTED IN COLUMN (A))	AS A % OF ISSUED AND OUTSTANDING
<b>EQUITY COMPENSATION PLANS APPROVED BY SECURITY HOLDERS:</b>					
Option Plan	6,414,000	1.4%	0.89	3,586,000	0.8%
Share Unit Plan	7,056,000	1.5%	N/A (share units)	24,300,692	5.4%
DSU Plan	2,116,103	0.5%	N/A (share units)	1,883,897	0.4%
<b>Total</b>	<b>15,586,103</b>	<b>3.4%</b>	<b>N/A</b>	<b>29,770,589</b>	<b>6.6%</b>

In February 2023, the Corporation granted 2,412,000 stock options, 1,233,000 RSUs and 2,104,000 PSUs to the Officer NEOs. A further 310,000 deferred share units were granted to directors.

On March 22, 2023, the Board approved certain amendments to the Share Unit Plan, the DSU Plan and the Option Plan. The amendments remain subject to shareholder approval at the Meeting and final approval of the TSX. Please see “*Business of the Meeting – Amendments to the Share Unit Plan*”, “*Business of the Meeting – Amendments to the DSU Plan*” and “*Business of the Meeting – Amendments to the Option Plan and Approval of Unallocated Entitlements Thereunder*”, respectively, for full details with respect to the proposed amendments.

The allocation of Common Shares issuable upon the exercise/settlement, as applicable, of SUs, DSUs and options issuable under the Share Unit Plan, DSU Plan and Option Plan, respectively, currently and after effecting the proposed amendments, is reflected in the following table:

TYPE OF PLAN	RESERVED FOR ISSUANCE	AS A % OF ISSUED AND OUTSTANDING	PROPOSED ALLOCATION	AS A % OF ISSUED AND OUTSTANDING
Stock Options	10,000,000	2.2%	10,000,000	2.2%
SUs	31,457,887	6.9%	17,000,000	3.7%
DSUs	4,000,000	0.9%	4,500,000	1.0%
<b>Total</b>	<b>45,457,887</b>	<b>10.0%</b>	<b>31,500,000</b>	<b>6.9%</b>

### **Percentage of issued and outstanding shares**

#### **Option Plan**

In 2020 the number of Common Shares reserved for issuance under the Option Plan was reduced from 20,000,000 to 10,000,000 and the difference was re-allocated to the Share Unit Plan for directors and executives. As at March 15, 2023, there were 454,578,873 Common Shares issued and outstanding. Subject to the policies of the TSX, the maximum number of Common Shares issuable under the Option Plan at all times is 10,000,000, representing approximately 2.2% of the Corporation's issued and outstanding Common Shares. As at the date hereof, there are 7,692,000 Common Shares issuable for outstanding stock options under the Option Plan (approximately 1.7% of issued and outstanding Common Shares), with 2,308,000 Common Shares reserved for issuance upon exercise of additional stock options that may be granted under the Option Plan (approximately 0.5% of issued and outstanding Common Shares). The Option Plan contains evergreen provisions specifying that, if any stock option has been exercised, it will again be available for grant. The rules of the TSX provide that all unallocated options under a stock option plan which contains evergreen provisions must be approved by shareholders every three years. Approval is being sought for the unallocated options under the Option Plan for a further three years, until May 12, 2025. Please see "*Business of the Meeting – Amendments to the Option Plan and Approval of Unallocated Entitlements Thereunder*".

#### **Share Unit Plan**

In 2022, the shareholders voted in favour of increasing the number of Common Shares of the Corporation reserved for issuance under the Share Unit Plan from 10,000,000 to that number of Common Shares which does not exceed 10% of the then outstanding Common Shares, minus such number of shares reserved for issuance under the Option Plan and DSU Plan, which currently stands at 6.9%. As at March 15, 2023, there were 454,578,873 Common Shares issued and outstanding. Subject to the policies of the TSX, the maximum number of Common Shares which may be issued under the Share Unit Plan is 31,457,887, representing approximately 6.9% of the Corporation's issued and outstanding Common Shares. Subject to shareholder approval of the proposed amendments to the Share Unit Plan, the maximum Common Shares which may be issued under the amended Share Unit Plan will be decreased to a fixed aggregate of 17,000,000, representing approximately 3.7% of the Corporation's issued and outstanding Common Shares. As at the date hereof, there are 8,673,000 Common Shares issuable for outstanding SUs under the Share Unit Plan (approximately 1.9% of issued and outstanding Common Shares), with 22,736,886 Common Shares reserved for issuance upon settlement of additional SUs that may be granted under the Share Unit Plan (approximately 5.0% of issued and outstanding Common Shares). Following the proposed amendments, the number of Common Shares reserved for issuance upon additional SUs that may be issued under the Share Unit Plan will be decreased from 22,736,886 to 8,327,000 (approximately 1.8% of issued and outstanding Common Shares).

#### **DSU Plan**

In 2020, Shareholders approved the adoption of a DSU Plan (99% in favour). A total of 4,000,000 Common Shares were reserved for issuance under the Deferred Share Unit Plan. As at March 15, 2023, there were 454,578,873 Common Shares issued and outstanding. Subject to the policies of the TSX, the maximum number of Common Shares which may be issued under the DSU Plan is 4,000,000, representing approximately 0.9% of the Corporation's issued and outstanding Common Shares. Subject to shareholder approval of the proposed amendments to the DSU Plan, the maximum number of Common Shares which may be issued under the amended DSU Plan will be increased to a fixed aggregate of 4,500,000, subject to the terms of the DSU Plan. Following a DSU grant to directors in February 2023, as at the date hereof, there are 2,426,103 Common Shares issuable for outstanding DSUs under the DSU Plan (approximately 0.5% of issued and outstanding Common Shares), with 1,573,897 Common Shares reserved for issuance upon settlement of additional DSUs that may be granted under the DSU Plan (approximately 0.3% of issued and outstanding Common Shares). Since inception of the DSU Plan, a total of 959,000 DSUs have been granted to directors as part of their annual compensation (see *Section 5 above*) and 1,467,103 DSUs have been granted for quarterly directors' fees which would have otherwise been paid in cash. Following the proposed amendments, the number of Common Shares reserved for issuance upon settlement of additional DSUs that may be issued under the DSU Plan will be increased from 1,573,897 to 2,073,897 (approximately 0.46% of issued and outstanding Common Shares).



Summaries of the key plan terms can be found on the following pages.

**Burn Rate** <sup>(1)</sup>

YEAR	STOCK OPTIONS GRANTED	BURN RATE	SHARE UNITS GRANTED	BURN RATE	DEFERRED SHARE UNITS GRANTED	BURN RATE
2022	2,332,000	0.5%	2,860,000	0.6%	881,593	0.2%
2021	2,357,000	0.6%	2,854,000	0.7%	704,963	0.2%
2020	1,604,000	0.4%	1,918,000	0.5%	687,547	0.2%
<b>3 year total</b>	<b>6,293,000</b>	<b>1.4%</b>	<b>7,632,000</b>	<b>1.7%</b>	<b>2,274,103</b>	<b>0.5%</b>

(1) Calculated using the TSX prescribed methodology that became effective for issuers with fiscal years ending on or after October 31, 2017 –calculated by dividing stock options/share units granted in the applicable fiscal year by the weighted average number of Common Shares outstanding over the applicable fiscal year.

**The Share Unit Plan**

The material terms of the Share Unit Plan can be summarized as follows:

- The Share Unit Plan provides that SUs may be granted by the Board, the Compensation Committee, or any other committee of directors authorized by the Board to administer the Share Unit Plan (the “Committee”).
- Full time employees of the Corporation or any of its subsidiaries, including any senior executive, vice president, and members of the management team of the Corporation or any of its subsidiaries are eligible to receive SUs under the Share Unit Plan.
- The number of Common Shares reserved for issuance under the Share Unit Plan is such number of Common Shares which equals 10% of the outstanding Common Shares from time to time, minus such number of Common Shares reserved for issuance under the Corporation’s option plan and DSU Plan, currently 6.9% of the issued and outstanding Common Shares. If Shareholders approve the amendments to the Share Unit Plan, the number of Common Shares issuable under the Share Unit Plan will be fixed at 17,000,000. See Section 2.4 “Amendments to the Share Unit Plan”.
- Any Common Shares subject to an SU which are cancelled or terminated in accordance with the terms of the Share Unit Plan without settlement will again be available for issuance under the Share Unit Plan. Subject to shareholder of the amendment to the Share Unit Plan, Common Shares subject to an SU settled for cash in accordance with the terms of the Share Unit Plan will also again be made available for issuance under the Share Unit Plan. See Section 2.4 “Amendments to the Share Unit Plan”.
- The grant of SUs under the Share Unit Plan is subject to the number of the Common Shares: (i) issued to any one participant within any one (1) year period; (ii) issued to insiders of the Corporation, within any one (1) year period, and (iii) issuable to insiders of the Corporation, at any time, under the Share Unit Plan, or when combined with all of the Corporation’s other security based compensation arrangements, shall not exceed 10% of the Corporation’s total issued and outstanding Common Shares, respectively.
- An SU is a unit credited by means of an entry on the books of the Corporation to a participant, representing the right to receive one Common Share or cash equal to the market price of the share on the vesting date.
- The number and terms of SUs granted to participants will be determined by the Committee and credited to the participant’s account effective on the grant date. Subject to the Committee’s discretion, SUs will vest 36 months from the grant date.
- The entitlement date, or date that the SU’s vest and are eligible for payment, shall be extended if this date occurs during a blackout to 10 days after the end of the blackout and notwithstanding this, must occur no later than 3 years following the end of the year the SU was granted.
- Following the entitlement date, the SUs will be settled by way of the issuance of Common Shares from treasury, cash equal to the market price of Common Shares or a combination of the two methods of

settlement as determined by the Committee.

- All grants of SUs shall be evidenced by a confirmation share unit grant letter.
- In the event dividends are paid to shareholders while SUs are outstanding, additional SUs in lieu of any cash dividends will be credited to participants. For the avoidance of doubt, no cash payment will be made to a participant if cash dividends are paid to shareholders other than cash paid to a participant on an entitlement date.
- In the event of a participant's resignation or employment termination with cause, the SUs will be forfeited and of no further force or effect at the date of termination, unless otherwise determined by the Committee.
- In the event of the participant's employment termination without cause:
  - all unvested SUs that are not subject to performance vesting criteria will vest, for participants who were continuously employed by the Corporation or any subsidiary for at least two years including any notice period, prior to the date of termination and the Common Shares represented by the SUs held shall be issued as soon as reasonably practical;
  - all unvested SUs with performance vesting criteria will remain subject to the normal vesting schedule for participants who were continuously employed by the Corporation or any subsidiary for at least two years including any notice period; and
  - for participants who were not continuously employed by the Corporation for two years their SUs will be forfeited at the date of termination except as may otherwise be stipulated in the participant's grant letter.
- If Shareholders approve the amendment to the Share Unit Plan, in the event of any participant's employment termination without cause, all unvested SUs will be cancelled immediately upon such termination, regardless of the term of such participant's employment. See Section 2.4 "Amendments to the Share Unit Plan".
- In the event of death, all unvested SUs will vest and the Common Shares will be issued to the participant's estate as soon as reasonably practical.
- In the event of the total disability of a participant, all unvested SUs will vest on the date the participant is determined to be totally disabled and the Common Shares will be issued as soon as reasonably practical.
- In the event of a change of control, all SUs outstanding will vest on the date of such change of control.
- A clawback provision allows for the Corporation to cancel any vested SUs granted and require repayment of any SUs vested within the past twelve months should a termination with cause occur or a restatement in the Corporation's financial results.
- All termination provisions in the Share Unit Plan shall be subject to the terms of any employment/severance agreement between the participant and the Corporation.
- SUs are not transferable other than by will or the laws of descent and distribution.
- The specific amendment provisions for the Share Unit Plan provide the Committee with the power, subject to the requisite regulatory approval, to make the following amendments without shareholder approval (without limitation):
  - amendments of a housekeeping nature;
  - the addition or a change to any vesting provisions of an SU;
  - changes to the termination provisions of an SU or the Share Unit Plan; and
  - amendments to reflect changes to applicable securities or tax laws.
- Any of the following amendments require shareholder approval:
  - materially increasing the benefits to a holder of SUs who is an insider to the material detriment of the Corporation and its shareholders;
  - increasing the number of Common Shares or maximum percentage of Common Shares which may be issued pursuant to the Share Unit Plan (other than by virtue of adjustments permitted under the Share Unit Plan);
  - permitting SUs to be transferred other than for normal estate settlement purposes;
  - removing or exceeding the insider participation limits of the Share Unit Plan;

- materially modifying the eligibility requirements for participation in the Share Unit Plan; or
- modifying the amending provisions of the Share Unit Plan.

### **The DSU Plan**

The material terms of the DSU Plan can be summarized as follows:

- The DSU Plan provides that DSUs may be granted by the Board, the Compensation Committee, or any other committee of directors authorized by the Board to administer the DSU Plan (the “Committee”).
- Directors who are not employees or officers of the Corporation, including a non-executive Chair of the Board are eligible to receive DSUs under the DSU Plan.
- There are 4,000,000 Common Shares currently reserved for issuance under the DSU Plan, representing approximately 0.9% of the current issued and outstanding Common Shares. If Shareholders approve the amendment to the DSU Plan described under Section 2.5 above, the number of Common Shares reserved for issuance under the DSU Plan will be increased to 4,500,000. See Section 2.5 “*Amendments to the DSU Plan*”.
- Any Common Shares subject to a DSU which is cancelled or terminated in accordance with the terms of the DSU Plan without settlement, or settled in cash, will again be available for issuance under the DSU Plan.
- A director can elect to receive all or a portion of his or her director’s fees in the form of DSUs.
- The number of Common Shares (i) issued under the DSU Plan to insiders of the Corporation, within any one (1) year period, and (ii) issuable to insiders of the Corporation, at any time, under the DSU Plan, or when combined with all of the Corporation’s other security based compensation arrangements, shall not exceed 10% of the Corporation’s total issued and outstanding Common Shares, respectively. The number of Common Shares reserved for issuance under the DSU Plan to a director within a one year period, in combination with all other equity awards granted to directors under any other share compensation arrangement, shall be limited to an annual equity award value (based on the black-scholes model or market price of the Common Shares, as determined by the Board) of CAD\$150,000 per director. The aggregate number of Common Shares reserved for issuance to directors shall not exceed 1.0% of the total number of issued and outstanding Common Shares.
- A DSU is a unit credited by means of an entry on the books of the Corporation to a director, representing the right to receive one Common Share or cash equal to the market price of the share on the vesting date.
- The number of DSUs granted to participants will be determined by the Committee, or in the case of director’s fees will be calculated based on the market value of the Common Shares at the time of grant and credited to the participant’s account effective on the grant date. Subject to the Committee’s discretion to determine a later date, a director’s entitlement date to receive payment of his or her DSUs is her or her termination date.
- Following the entitlement date, the DSUs will be settled by way of the issuance of Common Shares from treasury, cash equal to the market price of Common Shares or a combination of the two methods of settlement as determined by the participant.
- In the event dividends are paid to shareholders while DSUs are outstanding, additional DSUs in lieu of any cash dividends will be credited to participants. For the avoidance of doubt, no cash payment will be made to a participant if cash dividends are paid to shareholders other than cash paid to a participant on an entitlement date.
- DSUs are not transferable other than by will or the laws of succession and distribution.
- In the event of death, all DSUs shall become payable to the director’s legal representative.
- The specific amendment provisions for the DSU Plan provide the Committee with the power, subject to the requisite regulatory approval, to make the following amendments without shareholder approval (without limitation):
  - amendments of a housekeeping nature;
  - changes to the termination provisions of a DSU or the DSU Plan; and

- amendments to reflect changes to applicable securities or tax laws.
- Any of the following amendments require shareholder approval:
  - materially increasing the benefits to a holder of DSUs who is an insider to the material detriment of the Corporation and its shareholders;
  - increasing the number of Common Shares or maximum percentage of Common Shares which may be issued pursuant to the DSU Plan (other than by virtue of adjustments permitted under the DSU Plan);
  - permitting DSUs to be transferred other than for normal estate settlement purposes;
  - removing or exceeding the insider participation limits of the DSU Plan;
  - materially modifying the eligibility requirements for participation in the DSU Plan; or
  - modifying the amending provisions of the DSU Plan.

### **The Option Plan**

The material terms of the Option Plan can be summarized as follows:

- Employees, directors (including non-employee directors), officers of the Corporation or any of its subsidiaries and, except in relation to a consultant company, any company wholly owned by such persons are eligible to receive options under the Option Plan.
- The aggregate number of Common Shares currently available at all times for issuance under the Option Plan is 10,000,000, which represents approximately 2.2% of the Corporation's current issued and outstanding Common Shares.
- Any option which has been exercised, cancelled or has expired or terminated for any reason in accordance with the terms of the Option Plan will again be available under the Option Plan.
- The exercise price per Common Share under an option shall be determined by the Board and shall not be lower than the market price of a Common Share. Market price is defined as the higher of the closing price on the TSX on the date the option is granted and the last trading date preceding the date the option is granted.
- The Option Plan does not provide for the transformation of options granted under the Option Plan into stock appreciation rights involving the issuance of securities from the treasury of the Corporation.
- The term of all options awarded under the Option Plan is a maximum of five years.
- Options granted pursuant to the Option Plan shall vest and become exercisable by an optionee at such time or times as may be determined by the Board at the date of grant and as indicated in the option commitment. Subject to the Board's discretion, options may have a vesting period of up to three years, with 1/3 of the options vesting 12 months from the date of grant; 1/3 of the options vesting 24 months from the date of grant; and the remaining 1/3 vesting 36 months from the date of grant.
- If Shareholders approve the proposed amendments to the Option Plan, to facilitate the exercise of options granted under the Option Plan, optionees under the Option Plan will be permitted to undertake a "cashless exercise" with the assistance of a broker.
- If the expiry of an option falls within, or within 48 hours of, a trading blackout period imposed, the expiry date of the option shall be automatically extended to the tenth business day following the end of the blackout period.
- The termination provisions under the Option Plan shall be:
  - An optionee will have, in all cases subject to the original option expiry date (i) 90 days to exercise his/her options, which will automatically vest for optionees who have been continuously employed by the Corporation or by a Corporation providing management services to the Corporation for at least two years including any notice period, if applicable, in the event of termination without cause; (ii) 90 days to exercise his/her options that have vested, in the event of resignation; and (iii) immediate termination of the options in the event of termination with cause, except as may be set out in the optionee's option commitment or as otherwise determined by the Board in its sole discretion. In the event of the death or disability of an optionee, all options will vest and the optionee will have, subject to the original



option expiry date, 12 months to exercise his/her options. Notwithstanding the foregoing, all of the termination provisions shall be subject to the terms of any employment/severance agreement between the optionee and the Corporation.

provided that, if Shareholders approve the proposed amendments to the Option Plan, in the event that any optionee's employment is terminated without cause, all unvested options will be cancelled immediately, regardless of the optionee's length of employment. See Section 2.6 *"Amendments to the Option Plan and Approval of Unallocated Entitlements Thereunder."*

- In the event of a change of control, all unvested options shall vest on/at the effective time of the change of control.
- The grant of options under the Option Plan is subject to the number of the Common Shares: (i) issued to insiders of the Corporation, within any one (1) year period, and (ii) issuable to insiders of the Corporation, at any time, under the Option Plan, or when combined with all of the Corporation's other security based compensation arrangements, not exceeding 10% of the Corporation's total issued and outstanding Common Shares, respectively.
- The aggregate number of options granted pursuant to the Option Plan to any one non-employee director, within any one-year period shall not exceed a maximum value of \$100,000.
- The aggregate number of Common Shares reserved for issuance pursuant to the Option Plan, together with any Common Shares that may be issued pursuant to any other share compensation arrangement to non-employee directors as a group, shall not exceed 1% of the number of issued and outstanding Common Shares.
- The aggregate number of Common Shares reserved for issuance pursuant to the Option Plan, or when combined with all of the Corporation's other security based compensation arrangements, to any one participant within a one-year period shall not exceed 10% of the Common Shares outstanding at the time of the grant.
- Options are not assignable or transferable other than by will or by the applicable laws of descent.
- Unvested options and options granted which have vested within the twelve months, including Common Shares received from exercising such options, are subject to claw-back, to the extent permitted by law, if: (i) a participant was terminated with cause, or the Board reasonably determines after termination of a participant's employment that the termination could have been with cause; (ii) the Board reasonably determines that a participant engaged in conduct that causes material financial or reputational harm to the Corporation or its Affiliates, or engaged in gross negligence, willful misconduct or fraud in respect of the performance of the participant's duties; or (iii) the Corporation is required to restate its financial statements and the restated financial statements disclose materially worse financial results in the Board's reasonable opinion.
- The specific amendment provisions for the Option Plan provide the Board with the power to make the following amendments without shareholder approval:
  - minor or technical modifications;
  - correct ambiguity, defective provisions, error or omissions or reflect changes to applicable securities or taxation laws;
  - change any vesting provisions of an option;
  - change the termination provisions or extend the expiration date provided the extension is not beyond 5 years from the date the option is granted;
  - add or change provisions relating to financial assistance to facilitate the purchase of securities; and
  - add a cashless exercise feature.

Such amendment must be in accordance with applicable laws and stock exchange rules and cannot materially adversely affect existing rights of options.

- Any of the following amendments to the Option Plan or options granted thereunder also require shareholder approval:
  - increasing the number of Common Shares which may be issued pursuant to the Option Plan



- (other than by virtue of permitted adjustments);
- reducing the exercise price of an option;
- amending the term of an option to extend the term;
- removing or exceeding the limits imposed on insiders and on non-employee Directors;
- materially increasing the benefits to the holder of the options who is an insider to the material detriment of the Corporation and its shareholders;
- permitting options to be transferred other than by will or the applicable laws of descent;
- materially modifying the eligibility requirements for participation in the Option Plan; or
- changing the amending provisions.

## **6.2 INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors or executive officers of the Corporation, proposed nominees for directors, or associates or affiliates of said persons, have been indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

## **6.3 MANAGEMENT CONTRACTS**

Management functions of the Corporation and its subsidiaries are performed by directors, executive officers, or senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

## **6.4 INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Other than as disclosed herein, to the best of the Corporation's knowledge, no director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year of the Corporation, or any proposed nominee, or any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors.

## **6.5 INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed herein, to the best of the Corporation's knowledge, no informed person of the Corporation, proposed director or any associate or affiliate of them, has or has had any material interest, direct or indirect, in any transaction, since the commencement of the Corporation's most recently completed financial year which has materially affected or will materially affect the Corporation or any of its subsidiaries.

On March 2, 2018, Lucara completed its acquisition of Clara for up-front consideration of 13.1 million shares of Lucara. Further staged equity payments totaling 13.4 million shares may become payable. Such shares will be paid in the event certain performance milestones, related to total revenues (revenues from rough diamonds bought and sold) generated through the platform, are achieved (the "Performance Milestones"). The Corporation has also agreed to a profit-sharing mechanism whereby the founders of the Clara technology will retain 13.3% and the management of Lucara will retain 6.67% of the annual EBITDA generated by the platform, to a maximum of US\$16.67 and US\$8.33 million per year, respectively, for 10 years.

Eira Thomas, the CEO and a current director of Lucara, was a founder of Clara and was issued a total of 1,192,000 shares of Lucara in consideration for her shares of Clara. Ms. Thomas may be issued up to an additional 1,788,001 shares of Lucara. Such additional shares will only be issued upon Clara achieving the Performance Milestones or upon the occurrence of a change of control event.

Catherine McLeod-Seltzer was also a founder of Clara and, following Lucara's acquisition of Clara, was appointed to the Board. Ms. McLeod-Seltzer received 400,000 Lucara shares as consideration for her Clara shares. Ms. McLeod-Seltzer may be issued up to an additional 600,000 shares of Lucara. Such additional shares will only be issued upon Clara achieving the Performance Milestones or upon the occurrence of a change of control event.



John Armstrong, the Vice President (Technical Services) of the Corporation, and Zara Boldt, the Chief Financial Officer of the Corporation (effective April 1, 2018), were shareholders of Clara at the time of the Corporation's acquisition of Clara. Mr. Armstrong and Ms. Boldt each received 50,000 Lucara shares as consideration for the Clara shares. They may each receive a further 74,000 Common Shares of Lucara. Such additional shares will only be issued upon Clara achieving the Performance Milestones or upon the occurrence of a change of control event.

Pursuant to the profit-sharing mechanism described above, a total of 3.45% of the EBITDA generated by the platform, has been assigned to Ms. Thomas and Ms. McLeod-Seltzer and 3.22% of the EBITDA generated by the platform to be distributed to management, including Dr. Armstrong and Ms. Boldt, at the discretion of Lucara's Compensation Committee based on key performance targets. In March 2019, the EBITDA sharing agreement between Clara and Eira Thomas and Clara and the Clara Management was amended. Under the terms of the amendment, each of Eira Thomas and the Clara Management waived their respective rights to the EBITDA payment to the extent that such payment relates to net income earned by Clara on the sale of rough diamonds from the Karowe Mine. This waiver was effective from the date of the share purchase agreement in February 2018 through to December 31, 2020.

Ms. Thomas, Dr. Armstrong, and Ms. Boldt each maintain a business address at the Corporation's head office, located at Suite 502, 1250 Homer Street, Vancouver, British Columbia, V6B 2Y5. Ms. McLeod-Seltzer maintains a business address at: Suite 1400, 400 Burrard St., Vancouver, BC, V6C 3A6.

## 6.6 ADDITIONAL INFORMATION

The Corporation's Annual Information Form ("AIF"), annual audited, consolidated financial statements for the year ended December 31, 2022 ("Annual Financial Statements") and management's discussion and analysis ("Annual MD&A") as well as the interim financial statements from fiscal 2022 ("2022 Interims") are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.lucaradiamond.com](http://www.lucaradiamond.com). The Corporation will provide, without charge to a shareholder, a copy of this Circular, its latest AIF, Annual Financial Statements and Annual MD&A, the 2022 Interims and interim financial statements and management's discussion and analysis for subsequent periods upon request by contacting:

- (i) e-mail: [info@lucaradiamond.com](mailto:info@lucaradiamond.com)
- (ii) telephone: 604- 674-0272
- (iii) mail: Lucara Diamond Corp. / Attn: Investor Relations  
Suite 502 – 1250 Homer Street  
Vancouver, B.C., V6B 2Y5

## 6.7 DIRECTORS' APPROVAL

The contents and the distribution of this Circular have been approved by the Board.

DATED the 4<sup>th</sup> day of April, 2023.

(Signed) "Eira Thomas"

\_\_\_\_\_  
Chief Executive Officer

## APPENDIX A - BOARD OF DIRECTORS' MANDATE

*(as amended and restated by the Board of Directors on March 23, 2022)*

The following is a description of the mandate and responsibilities of the Board of Directors (the "Board") of Lucara Diamond Corp. (the "Company"):

- a. The principal responsibilities of the Board are to supervise and evaluate management, to oversee the conduct of the Company's business, to set policies appropriate for the business of the Company and to approve corporate strategies and goals. The Board is to carry out its mandate in a manner consistent with the fundamental objective of enhancing shareholder value.
- b. In discharging its duty of stewardship over the Company the Board expressly undertakes the following specific duties and responsibilities:
  - i. adopting, supervising and providing guidance on the Company's strategic planning process including, reviewing on at least an annual basis, a strategic plan which takes into account the opportunities and risks of the Company's business;
  - ii. identifying the principal risks of the Company's business and ensuring the implementation of appropriate risk management systems;
  - iii. overseeing of environmental, social and governance matters;
  - iv. overseeing of climate-related risks and opportunities;
  - v. appointing management of the highest calibre who create a culture of integrity throughout the organization;
  - vi. overseeing the integrity of the Company's internal control and management information systems;
  - vii. maintaining adequate and effective succession planning for senior management, including the CEO
  - viii. placing limits on management's authority;
  - ix. overseeing the Company's communication policy with its shareholders and with the public generally;
  - x. development of the Company's approach to corporate governance and reviewing, at least annually, the corporate governance principles and guidelines which are specifically applicable to the Company.
- c. The Board's independent directors shall meet without management and non-independent directors present at least quarterly. If a Lead Director has been appointed, such meetings of the independent directors will be presided over by the Lead Director.
- d. Board members are expected to be prepared for all meetings, by advance reading of all meeting materials.

### Outside Advisors and Fulfilling Responsibilities

A director may, with the prior approval of the Chair of the Board or the Lead Director, engage an outside advisor at the reasonable expense of the Company, where such director and the Chair of the Board or the Lead Director determine that it is appropriate in order for such director to fulfil his or her responsibilities, provided that the advice sought cannot properly be provided through the Company's management or through the Company's advisors in the normal course. If the Chairman of the Board is not available in the circumstances or determines that it is not appropriate for such director to so engage outside counsel, the director may appeal the matter to the Corporate Governance and Nominating Committee, whose determination shall be final.



## APPENDIX B – AMENDED SHARE UNIT PLAN

*Please see attached.*



# LUCARA

DIAMOND

~~(the "Company")~~

## SHARE UNIT PLAN

Dated March 19, 2015, amended March 18, 2020 ~~and May 6, 2022~~ March 23, 2022 and March 22, 2023.

### ARTICLE I INTRODUCTION

#### 1.1 Purpose of Plan

This Plan provides for the granting of Share Unit Awards and payment in respect thereof, subject to obtaining the approval of the Exchange, for services rendered, for the purpose of motivating and retaining Qualifying Participants through payment of compensation related to appreciation of the Shares.

#### 1.2 Definitions

- (a) **"Affiliate"** has the meaning ascribed thereto by the policies of the Exchange.
- (b) **"Associate"** has the meaning ascribed thereto in the Securities Act.
- (c) **"Board"** means the Board of Directors of the Company.
- (d) **"Change of Control"** means the occurrence of any one or more of the following events:
  - (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares immediately prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation immediately after completion of the transaction;
  - (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the assets, rights or properties of the Company and its Subsidiaries on a consolidated basis to any other person or entity, other than transactions among the Company and its Subsidiaries;
  - (iii) a resolution is adopted to wind-up, dissolve or liquidate the Company;

- (iv) any person, entity or group of persons or entities acting jointly or in concert (the “**Acquiror**”) acquires, or acquires control (including, without limitation, the power to vote or direct the voting) of, voting securities of the Company which, when added to the voting securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or Associates and/or affiliates of the Acquiror to cast or direct the casting of 30% or more of the votes attached to all of the Company’s outstanding voting securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect directors);
- (v) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Affiliates and another corporation or other entity (a “**Transaction**”), fewer than 50% of the directors of the Company are persons who were directors of the Company immediately prior to such Transaction; or
- (vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

For the purposes of the foregoing definition of Change of Control, “**voting securities**” means Shares and any other shares entitled to vote for the election of directors and shall include any security, whether or not issued by the Company, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors, including any options or rights to purchase such shares or securities.

- (e) “**Committee**” means the Board or the Compensation Committee or, if the Board so determines in accordance with Section 2.2 of this Plan, any other committee of directors of the Company authorized to administer this Plan from time to time.
- (f) “**Company**” means Lucara Diamond Corp., a company duly continued under the laws of British Columbia.
- (g) “**Entitlement Date**” means the date that a Share Unit vests and is eligible for payment, as determined by the Committee in its sole discretion in accordance with this Plan and as outlined in the Share Unit grant letter issued to the Qualifying Participant, provided that, in the event that the Entitlement Date occurs during, or within 48 hours after, a self imposed blackout period on trading imposed pursuant to the applicable policies of the Company in respect of insider trading, such Entitlement Date will become the tenth day following the end of the blackout period and shall, notwithstanding the foregoing, in all cases, be no later than three (3) years following the end of the year the Share Unit was granted.
- (h) “**Exchange**” means the Toronto Stock Exchange.

- (i) **“Grant Date”** means the effective date that a Share Unit is awarded to a Qualifying Participant under this Plan, as evidenced by the Share Unit grant letter.
- (j) **“Insider”** has the meaning ascribed to such term in the Securities Act.
- (k) **“Market Price”** as at any date in respect of the Shares shall be the closing price of the Shares on the Exchange on that date, or, if the Shares are not listed on the Exchange, on the principal stock exchange on which such Shares are traded. In the event that the Shares are not then listed and posted for trading on a stock exchange, the Market Price shall be the fair market value of such Shares as determined by the Committee in its sole discretion.
- (l) **“Plan”** means this Share Unit Plan, as may be amended from time to time.
- (m) **“Qualifying Participant”** means any full time employee of the Company or any of its Subsidiaries, including any senior executive, vice president, and/or member of the management team of the Company or any of its Subsidiaries to whom Share Units are granted hereunder unless otherwise determined by the Committee.
- (n) **“Resignation”** means the cessation of employment (as an officer or employee) of the Qualifying Participant with the Company or one of its Subsidiaries as a result of resignation, including as a result of retirement.
- (o) **“Securities Act”** means the *Securities Act*, R.S.B.C., 1996 c.418, as amended from time to time.
- (p) **“Share Unit”** means a unit credited by means of an entry on the books of the Company to a Qualifying Participant, representing the right to receive, subject to and in accordance with this Plan, for each vested Share Unit one Share or cash equal to the Market Price of one Share, at the time, in the manner, and subject to the terms, set forth in this Plan and the applicable grant letter.
- (q) **“Share Unit Award”** means an award of Share Units under this Plan to a Qualifying Participant.
- (r) **“Shares”** means the common shares of the Company.
- (s) **“Subsidiary”** has the meaning ascribed thereto in the Securities Act.
- (t) **“Termination With Cause”** means the termination of employment (as an officer or employee) of the Qualifying Participant with cause by the Company or one of its Subsidiaries (and does not include Resignation).
- (u) **“Termination Without Cause”** means the termination of employment (as an officer or employee) of the Qualifying Participant without cause by the Company or one of its Subsidiaries (and does not include Resignation) and, in the case of an officer, includes the removal of or failure to reappoint the Qualifying Participant as an officer of the Company.

- 1.3 The headings of all articles, sections and paragraphs in this Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of this Plan.
- 1.4 Whenever the singular or masculine are used in this Plan, the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires.
- 1.5 The words “**herein**”, “**hereby**”, “**hereunder**”, “**hereof**” and similar expressions mean or refer to this Plan as a whole and not to any particular article, section, paragraph or other part hereof.
- 1.6 Unless otherwise specifically provided, all references to dollar amounts in this Plan are references to lawful money of Canada.

## **ARTICLE II ADMINISTRATION OF THE PLAN**

### 2.1 Administration

This Plan shall be administered by the Committee and the Committee shall have full authority to administer this Plan, including the authority to interpret and construe any provision of this Plan and to adopt, amend and rescind such rules and regulations for administering this Plan as the Committee may deem necessary in order to comply with the requirements of this Plan. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Qualifying Participants and the Company. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with this Plan and all members of the Committee shall, in addition to their rights as directors of the Company, be fully protected, indemnified and held harmless by the Company with respect to any such action taken or determination or interpretation made in good faith. The appropriate officers of the Company are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of this Plan and of the rules and regulations established for administering this Plan. All costs incurred in connection with this Plan shall be for the account of the Company.

### 2.2 Delegation to Committee

All of the powers exercisable hereunder by the Board may, to the extent permitted by applicable law and as determined by resolution of the Board, be exercised by a committee of the Board, including the Committee.

### 2.3 Register

The Company shall maintain a register in which it shall record the name and address of each Qualifying Participant and the number of Share Units (and their corresponding key conditions and Entitlement Date) awarded to each Qualifying Participant.

### 2.4 Qualifying Participant Determination

The Committee shall from time to time determine the Qualifying Participants who may participate in this Plan. The Committee shall from time to time, and subject to any applicable blackout period, determine the Qualifying Participants to whom Share Units shall be granted and the number, provisions

and restrictions with respect to such grant, all such determinations to be made in accordance with the terms and conditions of this Plan.

### **ARTICLE III SHARE UNIT AWARDS**

#### **3.1 General**

This Plan is hereby established for Qualifying Participants of the Company or any of its Subsidiaries, as determined by the Committee.

#### **3.2 Share Unit Awards and Vesting**

A Share Unit Award and any applicable vesting conditions may be made to a particular Qualifying Participant as determined in the sole and absolute discretion of the Committee, except that Share Unit Awards shall not be made during a self-imposed blackout period on trading imposed pursuant to the applicable policies of the Company in respect of insider trading. The Committee shall make annual recommendations to the Board for grants of Share Units following each year end. The number of Share Units awarded will be credited to the Qualifying Participant's account, effective as of the Grant Date.

Subject to the Committee's discretion, Share Unit Awards will vest 36 months from the Grant Date.

For the avoidance of doubt, a Qualifying Participant will have no right or entitlement whatsoever to receive any Shares or cash, as applicable, until the Entitlement Date.

#### **3.3 Payouts**

On each Entitlement Date, the Qualifying Participant shall be entitled to receive, and the Company shall issue or provide, a payout with respect to those vested Share Units in the Qualifying Participant's account to which the Entitlement Date relates in one of the following forms:

- (a) subject to shareholder approval of this Plan and the limitations set forth in Section 3.11 below, Shares issued from treasury equal in number to the vested Share Units in the Qualifying Participant's account to which the Entitlement Date relates, subject to any applicable deductions and withholdings;
- (b) the payment of a cash amount to a Qualifying Participant on the Entitlement Date equal to the number of vested Share Units in respect of which the Committee makes such a determination, multiplied by the Market Price on the Entitlement Date, subject to any applicable deductions and withholdings; or
- (c) any combination of the foregoing, as determined by the Committee, in its sole discretion.

No fractional Shares shall be issued pursuant to this Plan and any fractional entitlements will be rounded down to the nearest whole number.

Shares issued by the Company from treasury under this Plan shall be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Company would have received if the Shares had been issued for money.

### 3.4 Dividends

In the event a cash dividend is paid to shareholders of the Company on the Shares while a Share Unit is outstanding no payment in cash shall be made to each Qualifying Participant in respect of Share Units; however, each Qualifying Participant will be credited with additional Share Units reflective of the cash dividends to such Qualifying Participant. In such case, the number of additional Share Units will be equal to the aggregate amount of dividends that would have been paid to the Qualifying Participant if the Share Units in the Qualifying Participant's account on the record date had been Shares divided by the Market Price of a Share on the date on which dividends were paid by the Company. If the foregoing shall result in a fractional Share Unit, the fraction shall be disregarded.

The additional Share Units will vest and be settled on the Qualifying Participant's Entitlement Date of the particular Share Unit Award to which the additional Share Units relate.

### 3.5 Change of Control

In the event of a Change of Control, all unvested Share Units outstanding shall automatically immediately vest and become payable on the date of such Change of Control. Upon a Change of Control, Qualifying Participants shall not be treated any more favourably than shareholders of the Company with respect to the consideration the Qualifying Participants would be entitled to receive for their Shares.

### 3.6 Death or Disability of Qualifying Participant

In the event of:

- (a) the death of a Qualifying Participant, any unvested Share Units held by such Qualifying Participant will automatically vest on the date of death of such Qualifying Participant and the Company shall issue Shares or make payment with respect to the Share Units held by such Qualifying Participant to the Qualifying Participant's estate as soon as reasonably practical thereafter; or
- (b) the disability of a Qualifying Participant (as may be determined in accordance with the policies, if any, or general practices of the Company or any ~~subsidiary~~Subsidiary), any unvested Share Units held by such Qualifying Participant will automatically vest on the date on which the Qualifying Participant is determined to be totally disabled and the Company shall issue Shares or make payment with respect to the Share Units to the Qualifying Participant as soon as reasonably practical thereafter.

### 3.7 Termination Without Cause

~~(a) In the event of Termination Without Cause of a Qualifying Participant that has been continuously employed by the Company or any of its Subsidiaries for at least two (2) years prior to the date of such Termination Without Cause inclusive of any notice period, if applicable, any unvested Share Units held by such Qualifying Participant, that are not subject to Section 3.7(b) as a result of not being subject to performance vesting criteria, will automatically vest on the date of Termination Without Cause and the~~

~~Company shall issue Shares or make payment with respect to such Share Units to the Qualifying Participant as soon as reasonably practical thereafter.~~

~~(b) — In the event of Termination Without Cause of a Qualifying Participant that has been continuously employed by the Company or any of its Subsidiaries for at least two (2) years prior to the date of such Termination Without Cause inclusive of any notice period, if applicable, any unvested Share Units with performance vesting criteria held by such Qualifying Participant will vest in accordance with their normal vesting schedule unless otherwise stipulated in the Qualifying Participant's Share Unit grant letter.~~

~~(c) — In the event of Termination Without Cause of a Qualifying Participant that has been continuously employed by the Company or any of its Subsidiaries for less than two (2) years prior to the date of such Termination Without Cause inclusive of any notice period, if applicable, all of the Qualifying Participant's Share Units shall become void and the Qualifying Participant shall have no entitlement and will forfeit any rights to any issuance of Shares or payment under this Plan unless otherwise stipulated in the Qualifying Participant's Share Unit grant letter.~~

### 3.8 Termination With Cause or Resignation

In the event of Termination With Cause or the Resignation of a Qualifying Participant, all of the Qualifying Participant's Share Units shall become void and the Qualifying Participant shall have no entitlement and will forfeit any rights to any issuance of Shares or payment under this Plan, except as may otherwise be stipulated in the Qualifying Participant's Share Unit grant letter or as may otherwise be determined by the Committee in its sole and absolute discretion.

### 3.9 Share Unit Grant Letter

Each grant of a Share Unit under this Plan shall be evidenced by a confirmation Share Unit grant letter issued to the Qualifying Participant by the Company. Such Share Unit grant letter shall be subject to all applicable terms and conditions of this Plan and may include any other terms and conditions which are not inconsistent with this Plan and which the Committee deems appropriate for inclusion in a Share Unit grant letter. The provisions of the various Share Unit grant letters issued under this Plan need not be identical.

### 3.10 Subject to Employment/Severance Agreements

Sections 3.5, 3.6, 3.7 and 3.8 shall be subject to any employment/severance agreement between the Qualifying Participant and the Company or any of its Subsidiaries.

### 3.11 Maximum Number of Shares

The number of Shares made available for issuance from treasury under this Plan, subject to adjustments pursuant to Section 4.8, shall not ~~at any time~~ exceed ~~ten percent (10%) of the Company's then outstanding Shares, minus such number of Shares reserved for issuance pursuant to the Company's Incentive Stock Option Plan and the Company's Deferred Share Unit Plan~~ 17,000,000 Shares. Any Shares subject to a Share Unit which has been cancelled or terminated ~~without settlement or that has been settled in cash~~ in accordance with the terms of this Plan ~~without settlement~~ will again be available under this Plan. The grant of Share Units under this Plan is subject to the number of ~~the~~ Shares: (i) issued to any one ~~Qualified~~ Qualifying Participant within a one year



period; (ii) issued to Insiders of the Company, within any one (1) year period, and (ii) issuable to Insiders of the Company, at any time, under this Plan, or when combined with all of the Company's other security-based compensation arrangements, ~~shall not exceed~~exceeding 10% of the Company's total issued and outstanding Shares, respectively. For the purposes of this Plan, "**security-based compensation arrangement**" shall ~~have~~include any arrangement of the ~~meaning~~nature set out in section 613(b) of the TSX Company Manual. For greater certainty, the number of Shares outstanding shall mean the number of Shares outstanding on a non-diluted basis on the date immediately prior to the proposed Grant Date.

A Share Unit Award granted to a Qualifying Participant for services rendered will entitle the Qualifying Participant, subject to the Qualifying Participant's satisfaction of any conditions, vesting periods, restrictions or limitations imposed pursuant to this Plan or as set out in the Share Unit grant letter, to receive payment following the Qualifying Participant's Entitlement Date in accordance with Section 3.3 of this Plan.

The Committee shall have the power, but not the obligation, to satisfy any Share Unit obligation of the Company (including those granted prior to and conditional on such approvals) by the issuance of Shares from treasury at a rate of one Share for each Share Unit, subject to adjustment.

### 3.12 Clawback

It is a condition of each grant of Share Units that in the event of:

- (a) Termination With Cause of a Qualifying Participant, or the Board reasonably determines after termination of a Qualifying Participant's employment that the termination could have been Termination With Cause;
- (b) the Board reasonably determining that a Qualifying Participant engaged in conduct that causes material financial or reputational harm to the Company or its Affiliates, or engaged in gross negligence, willful misconduct or fraud in respect of the performance of the Qualifying Participant's duties for the Company or an Affiliate of the Company; or
- (c) the Company's financial statements (the "**Original Statements**") being required to be restated (other than solely as a result of a change in accounting policy by the Company or under International Financial Reporting Standards applicable to the Company) and such restated financial statements ~~(the "**Restated Statements**")~~ disclose, in the opinion of the Board acting reasonably, materially worse financial results than those contained in the Original Statements,

~~(d)~~ then the Board may, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that such action is in the best interest of the Company, and in addition to any other rights that the Company or an Affiliate may have at law or under any agreement, take any or all of the following actions, as applicable:

- (i) reduce the number of, or cancel and terminate, any one or more unvested grants of ~~Options~~Share Units, or cancel or terminate any outstanding grants of ~~Options~~Share Units which have vested in the twelve (12) months prior to: (y) the date of Termination With Cause of a Qualifying Participant or the date the Board makes a determination under paragraph (a) or (b) above; or (z) the date on which the Board determines that the Company's Original Statements are

required to be restated, in the event paragraph (c) above applies (each such date provided for in clause (y) and (z) of this paragraph (i) being a “**Relevant Equity Recoupment Date**”); and/or

- (ii) require payment to the Company of the value of any Shares acquired by the Qualifying Participant pursuant to a grant of ~~Options~~ Share Units in the twelve (12) months prior to a Relevant Equity Recoupment Date (less any amount paid by the Qualifying Participant to acquire such Shares and less the amount of tax withheld pursuant to the *Income Tax Act* (Canada) or other relevant taxing authority in respect of such Shares).

### 3.13 Other Recoupment

Notwithstanding anything in this Plan to the contrary, any Share Unit ~~Commitment~~ grant letter may also provide for the cancellation or forfeiture of a grant of Share Units or the forfeiture and repayment to the Company of any gain related to a grant of Share Units, or other provisions intended to have a similar effect, upon such terms and conditions as may be required by the Board or by applicable law.

## ARTICLE IV GENERAL

### 4.1 Effectiveness

This Plan as amended shall become effective upon approval by the shareholders of the Company, in accordance with the requirements of the Exchange. This Plan shall remain in effect until it is terminated by the Committee or the Board.

### 4.2 Discontinuance of Plan

The Committee or the Board, as the case may be, may discontinue this Plan at any time in its sole discretion, and without shareholder approval, provided that such discontinuance may not, without the consent of the Qualifying Participant, in any manner adversely affect the Qualifying Participant’s rights under any Share Unit granted under this Plan. In the event this Plan is discontinued by the Committee or the Board the balance of outstanding Share Units shall be maintained until the earlier of the Entitlement Date for, or the termination, ~~resignation~~ Resignation, death or disability of, each Qualifying Participant as provided for under this Plan.

### 4.3 Non-Transferability

Except pursuant to a will or by the laws of descent and distribution, no Share Unit and no other right or interest of a Qualifying Participant is assignable or transferable.

### 4.4 Withholding

The Company or any of its Subsidiaries may withhold from any amount payable to a Qualifying Participant, either under this Plan, or otherwise, such amount as may be necessary so as to ensure that the Company or its Subsidiaries will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, including on the amount, if any, includable in the income of a Qualifying Participant. Each of the Company and its Subsidiaries shall also have the right in its discretion to satisfy any such withholding tax liability by

retaining, acquiring or selling on behalf of a Qualifying Participant any Shares which would otherwise be issued or provided to a Qualifying Participant hereunder.

#### 4.5 Amendments to the Plan

The Committee may from time to time in its sole discretion, and without shareholder approval, amend, modify and change the provisions of this Plan and any Share Unit grant letter, in connection with (without limitation):

- (a) amendments of a housekeeping nature;
- (b) the addition or a change to any vesting provisions of a Share Unit;
- (c) changes to the termination provisions of a Share Unit or this Plan; and
- (d) amendments to reflect changes to applicable securities or tax laws.

However, other than as set out above, any amendment, modification or change to the provisions of this Plan which would:

- (a) materially increase the benefits to the holder of the Share Units who is an Insider to the material detriment of the Company and its shareholders;
- (b) increase the number of Shares or maximum percentage of Shares which may be issued pursuant to this Plan (other than by virtue of adjustments pursuant to Section 4.8 of this Plan);
- (c) permit Share Units to be transferred other than for normal estate settlement purposes;
- (d) remove or exceed the Insider participation limits;
- (e) modify the eligibility requirements for participation in this Plan; or
- (f) modify the amending provisions of this Plan set forth in this Section 4.5, shall only be effective on such amendment, modification or change being approved by the shareholders of the Company. In addition, any such amendment, modification or change of any provision of this Plan shall be subject to the approval, if required, by any stock exchange having jurisdiction over the securities of the Company.

#### 4.6 Qualifying Participant Rights

No holder of any Share Units shall have any rights as a shareholder of the Company. Except as otherwise specified herein, no holder of any Share Units shall be entitled to receive, and no adjustment is required to be made for, any dividends, distributions or any other rights declared for shareholders of the Company.

#### 4.7 No Right to Continued Employment or Service

Nothing in this Plan shall confer on any Qualifying Participant the right to continue as an employee or officer of the Company or any of its Subsidiaries, as the case may be, or interfere with the right of the Company or any of its Subsidiaries, as applicable, to remove such officer and/or employee.

#### 4.8 Adjustments

In the event there is any change in the Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made to outstanding Share Units by the Committee, in its sole discretion, to reflect such changes. If the foregoing adjustment shall result in a fractional Share, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of this Plan.

#### 4.9 Effect of Take-Over Bid

If a bona fide offer (the “**Offer**”) for Shares is made to the Qualifying Participant or to shareholders generally or to a class of shareholders which includes the Qualifying Participant, which Offer, if accepted in whole or in part, would result in the offeror exercising control over the Company within the meaning of the Securities Act, then the Company shall, immediately upon receipt of notice of the Offer, notify each Qualifying Participant of the full particulars of the Offer. The Board will have the sole discretion to amend, abridge or otherwise eliminate any vesting schedule so that notwithstanding the other terms of this Plan, Shares may be conditionally issued to each Qualifying Participant holding Share Units so as to permit the Qualifying Participant to tender the Shares received in connection with the Share Units pursuant to the Offer. If:

- (a) the Offer is not complied with within the time specified therein;
- (b) the Qualifying Participant does not tender the Shares underlying the Share Units pursuant to the Offer; or
- (c) all of the Shares tendered by the Qualifying Participant pursuant to the Offer are not taken up and paid for by the offeror,

then at the discretion of the Committee or the Board, the Share Units shall be deemed not to have been settled and the Shares or, in the case of clause (c) above, the Shares that are not taken up and paid for, shall be deemed not to have been issued and will be reinstated as authorized but unissued Shares and the terms of the Share Units as set forth in this Plan and the applicable Share Unit grant letter shall again apply to the Share Units.

#### 4.10 Unfunded Status of Plan

This Plan shall be unfunded.

#### 4.11 Compliance with Laws

If any provision of this Plan or any Share Unit contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

#### 4.12 Governing Law

This Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

#### 4.13 Effective Date

Effective from March 19, 2015, amended March 18, 2020 ~~and May 6,~~ March 23, 2022 and March 22, 2023. Approved by shareholders on May 13, 2015, May 8, 2020 ~~and~~ May 6, 2022 and May 12, 2023.

## APPENDIX C – AMENDED DSU PLAN

*Please see attached.*



# LUCARA

## DIAMOND

~~(the “Company”)~~

~~Deferred Share Unit Plan for Directors~~

### DEFERRED SHARE UNIT PLAN

Dated February 23, 2020, amended March 22, 2023.

#### Section 1. PURPOSE

The purposes of the Plan are:

- (a) to promote a greater alignment of long-term interests between Directors of the Company and the shareholders of the Company; and
- (b) to provide a compensation system for Directors that, together with the other Director compensation mechanisms of the Company, is reflective of the responsibility, commitment and risk accompanying Board membership and the performance of the duties required of the various committees of the Board.

#### Section 2. DEFINITIONS

2.1 In this Plan, the following terms shall have the following meanings:

- (a) “**Account**” means the account maintained by the Company in its books for each Eligible Director to record the DSUs credited to such Eligible Director under the Plan;
- (b) “**Affiliate**” means an affiliate of the Company as that term is defined in paragraph 8 of the Canada Revenue Agency’s interpretation bulletin IT-337R4, *Retiring Allowances*;
- ~~(c) “**Director’s Fees**” means that portion of an Eligible Director’s retainer fee for acting as a director that may be paid in DSUs, if so elected by the Eligible Director, as determined by the Board from time to time;~~
- (c) ~~(d)~~ “**Applicable Law**” means any applicable provision of law, domestic or foreign, including, without limitation, applicable tax and securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder and applicable rules and policies of any stock exchange upon which the ~~shares~~Shares of the Company are listed;

- (d) ~~(e)~~ **“Board”** means the Board of Directors of the Company;
- ~~(f)~~ **“Compensation Committee”** means the compensation committee of the Board;
- (e) ~~(g)~~ **“Company”** means Lucara Diamond Corp. and includes any successor corporation thereof, and any reference in the Plan to action by the Company means action by or under the authority of the Board;
- (f) ~~(h)~~ **“Director”** means a member of the Board
- (g) **“Director’s Fees”** means that portion of an Eligible Director’s retainer fee for acting as a Director that may be paid in DSUs, if so elected by the Eligible Director, as determined by the Board from time to time;
- (h) ~~(i)~~ **“Dividend”** means a dividend paid or declared payable by the Company in respect of the Shares;
- (i) ~~(j)~~ **“DSU”** means a deferred share unit credited by the Company to an Eligible Director by way of a bookkeeping entry on the books of the Company, with the value of a DSU at any particular date equal to the Market Value of a Share at that date (other than on the Grant Calculation Date where the Grant Calculation Date Market Value is applied for the purposes of Section 6);
- (j) ~~(k)~~ **“Election Notice”** means the written election described in Section 6 to receive DSUs, in such form as may be prescribed by the Board from time to time;
- (k) ~~(l)~~ **“Eligible Director”** has the meaning set out in Section 5.1;
- (l) ~~(m)~~ **“Entitlement Date”** has the meaning set forth in Section 8;
- (m) ~~(n)~~ **“Grant Calculation Date”** means (i) for DSUs issued pursuant to the election of an Eligible Director in respect of his or her Director’s Fees, the last day of the calendar quarter during which such Director’s Fees relate and (ii) for DSUs granted at the discretion of the Board, such date as determined by the Board;
- (n) ~~(o)~~ **“Grant Calculation Date Market Value”** means the volume weighted average trading price of the Shares on the Stock Exchange for the five (5) Trading Days prior to the Grant Calculation Date;
- (o) **“Insider”** shall have the meaning given to such term in the *Securities Act, R.S.B.C., 1996 c.418*, as amended from time to time.
- (p) **“Market Value”** means, on any particular date, the volume weighted average trading price of the Shares on the Stock Exchange for the immediately preceding five (5) Trading Days;
- (q) **“Plan”** means the “Lucara Diamond Corp. Deferred Share Unit Plan ~~for Directors~~”, as amended or restated from time to time;



- (r) **“Required Shareholder Approval”** means the approval of the shareholders of the Company of the Plan and the unallocated rights granted thereunder at a duly called general meeting of shareholders in accordance with the policies of the Stock Exchange.
- (s) **“Share”** means the common shares of the Company;
- (t) **“Stock Exchange”** means the Toronto Stock Exchange, or if the Shares are not listed on the Toronto Stock Exchange, such other stock exchange on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over the counter market;
- (u) **“Termination Date”** shall mean the earliest date on which both the following conditions are met: (i) the Director has ceased to be a Director, as defined above, for any reason whatsoever, including the death of the Director, and (ii) the Director is neither an employee of the Company or an Affiliate nor a member of the board of an Affiliate;
- (v) **“Trading Day”** means any date on which the Stock Exchange is open for the trading of Shares and on which one or more Shares actually traded; and

### **Section 3. CONSTRUCTION AND INTERPRETATION**

3.1 In this Plan, reference to the singular shall include the plural and vice versa, as the context shall require.

3.2 The Plan shall be governed and interpreted in accordance with the laws of the Province of British Columbia and the applicable laws of Canada.

3.3 If any provision of the Plan or part hereof is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

3.4 Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions contained herein.

3.5 The Plan is effective on February 23, 2020, subject to receipt of the Required Shareholder Approval.

### **Section 4. ADMINISTRATION OF THE PLAN**

4.1 The Board shall have the power and absolute discretion, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan and Applicable Law to:

- (a) interpret the Plan;
- (b) prescribe, amend and rescind any policies, rules and regulations relating to the Plan;

- (c) to delegate, on such terms as the Board deems appropriate, any or all of its powers hereunder, to any committee of the Board or to any senior officer of the Company; and
- (d) and to take such other actions and make such other determinations as it deems necessary or desirable to administer the Plan.

The Board may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Board deems, in its sole and absolute discretion, necessary or desirable. All actions taken and decisions made by the Board shall be final, conclusive and binding on all parties concerned, including, but not limited to, the Eligible Directors and their beneficiaries and legal representatives and the Company. All expenses of administration of the Plan shall be borne by the Company.

#### **Section 5. ELIGIBILITY; GRANT OF DSUS**

5.1 Directors who are not employees or officers of the Company or any Affiliate, including a non-executive Chair of the Board are eligible to elect to receive DSUs (“**Eligible Directors**”).

5.2 The Board may, at its discretion, grant such number of DSUs to an Eligible Director as the Board deems advisable to provide the ~~eligible~~Eligible Director with appropriate equity-based compensation for the services he or she renders to the Company. The Board shall determine the date on which such DSUs may be granted and the date as of which such DSUs shall be credited to such Eligible Director’s Account. The grant of DSUs to an Eligible Director pursuant to this Section 5.2 shall be documented in such form as the Board shall specify and such grant will set out the number of DSUs and such other terms and conditions as the Board may require.

#### **Section 6. ELECTION TO RECEIVE DSUS**

6.1 The Company shall grant DSUs to an Eligible Director’s Account who has made elections under this Section 6 to receive all or a portion of his or her Director’s Fees in the form of DSUs in accordance with such elections.

6.2 Subject to such policies, rules and regulations as the Board may impose, an Eligible Director may elect to receive his or her Director’s Fees in the form of DSUs as follows:

- (a) An Eligible Director on the effective date of the Plan may elect to receive his or her Director’s Fees with respect to services rendered in respect of the calendar quarters commencing after the effective date in DSUs or a combination DSUs and cash by completing and delivering to the Corporate Secretary of the Company an irrevocable Election Notice by no later than March 31, 2020.
- (b) In each calendar year following the year of the effective date of the Plan, an Eligible Director may elect to receive his or her Director’s Fees with respect to services rendered in such calendar year in DSUs or a combination of cash and DSUs by completing and delivering to the Corporate Secretary of the Company an irrevocable Election Notice by no later than December 31 of the immediately preceding year.

- (c) A person who becomes an Eligible Director during a calendar year may elect to receive his or her Director's Fees with respect to services rendered in the calendar quarters commencing after his or her initial election or appointment to the Board in DSUs or a combination of cash and DSUs by completing and delivering to the Corporate Secretary of the Company an irrevocable Election Notice prior to the start of the calendar quarter in respect of which the election is made.
- (d) The Board may prescribe election forms for use by Directors who are residents of a jurisdiction other than Canada that differ from the election forms it prescribes for use by Canadian resident Directors where the Board determines it is necessary or desirable to do so to obtain comparable treatment for the Plan, the Directors or the Company under the laws or regulatory policies of such other jurisdiction as is provided under the laws and regulatory policies of Canada and its ~~Provinces~~provinces, provided that no election form prescribed for use by a non-resident of Canada shall contain terms that would cause the Plan to cease to meet the requirements of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) and any successor to such provisions.
- (e) If a Director does not complete and provide an Election Notice to the Company as described above in Sections 6.2(a), (b) or (c), as applicable, such Director shall be deemed to have elected to receive his or her Director's Fees in the form of cash

6.3 The number of DSUs to be granted to an Eligible Director with respect to a particular election shall be determined by dividing the portion of the his or her Director's Fees that the Eligible Director elected to have satisfied in the form of DSUs by the Grant Calculation Date Market Value determined in respect of such election. If the foregoing results in a fractional DSU, the fraction shall be disregarded.

6.4 DSUs granted to an Eligible Director under this Section 6 shall be credited to the Eligible Director's Account effective as of the Grant Calculation Date. The DSUs will be fully vested upon being credited to an Eligible Director and the Eligible Director's entitlement to payment of DSUs at the Termination Date shall not thereafter be subject to satisfaction of any requirements as to any minimum period of service as a member of the Board.

## **Section 7. DIVIDENDS**

7.1 On any payment date for ~~dividends~~Dividends paid on the Shares, the Company shall credit each Eligible Director's Account with additional DSUs equivalent to the ~~dividends~~Dividends paid on the Shares. The DSU equivalent shall be the aggregate amount of ~~dividends~~Dividends that would have been paid to the Eligible Director if the number of DSUs in the Eligible Director's Account on the record date had been Shares divided by the Market ~~Price~~Value of a Share on the payment date for the ~~dividends~~Dividends. If the foregoing results in a fractional DSU, the fraction shall be disregarded.

## **Section 8. REDEMPTION**

8.1 Unless the Board determines a later date, an Eligible Director's "**Entitlement Date**" shall be his or her Termination Date, and all DSUs credited to such Eligible Director's Account on such

Entitlement Date shall be redeemed as soon as practicable following such date, but in any event within 30 days of his or her Entitlement Date.

8.2 Upon redemption of his or her DSUs, an Eligible Director (or in the case of death, his or her legal representative) is entitled to receive an amount equal to the number of DSUs that are being redeemed multiplied by the Market Value of a Share as of the Entitlement Date, net of any applicable withholding taxes and other required source deductions. An Eligible Director may elect to receive this amount in Shares, cash or a combination thereof by providing written notice to the Corporate Secretary of such election within 5 days of his or her Entitlement Date. If the Eligible Director makes no such election, the DSUs will be redeemed for cash.

8.3 In the event that on the Entitlement Date, there is no public market for the Shares, the obligations of the Company with respect to such Eligible Director's DSUs shall be met by a payment in cash in such amount as is reasonably determined by the Board to be equitable in the circumstances based on the value of the Shares at the time of payment, such determination to be final and binding for all purposes.

8.4 Notwithstanding any other provision of the Plan, all amounts payable to, or in respect of, an Eligible Director hereunder shall be paid with respect to all DSUs in his or her Account on or before December 31 of the calendar year commencing immediately after the Eligible Director's Termination Date.

## **Section 9. PARTICIPANTS' ACCOUNTS/ADJUSTMENTS TO DSUS CREDITED TO ACCOUNTS**

9.1 The Company shall maintain an Account for each Eligible Director recording at all times the number of DSUs standing to the credit of the Eligible Director. Upon payment in satisfaction of DSUs credited to an Eligible Director in the manner described herein, such DSUs shall be cancelled. A written confirmation of the balance in an Eligible Director's Account hereunder shall be provided by the Company to the Eligible Director at least annually. Such statement or information shall be deemed to have been accepted by the Eligible Director as correct unless written notice to the contrary is given to the Company within 30 days after such statement is given or information is made available to the Eligible Director.

9.2 Appropriate adjustments to the number of DSUs credited to each Eligible Director's Account shall be made by the Board to give effect to subdivisions, consolidations, reclassifications or similar changes to the Shares, or other relevant changes in the capital structure of the Company. The appropriate adjustment in any particular circumstance shall be conclusively determined by the Board in its sole discretion.

9.3 Notwithstanding any other provision of the Plan, no amount will be paid to, or in respect of, an Eligible Director under the Plan or pursuant to any other arrangement, and no DSUs will be granted nor will any credit be made to such Eligible Director's Account under the Plan to compensate for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, an Eligible Director for such purpose.

## **Section 10. AMENDMENTS TO, SUSPENSION OR TERMINATION OF, THE PLAN**

10.1 The Board may amend the Plan as it deems necessary or appropriate, but no such amendment shall, without the consent of the Eligible Director or unless required by Applicable Law, adversely affect the rights of an Eligible Director with regard to any amount in respect of which the Eligible Director has then elected to receive DSUs or DSUs which the Eligible Director has then been granted under the Plan.

10.2 The Board may from time to time in its sole discretion, and without shareholder approval, amend, modify and change the provisions of the Plan and any DSU grant letter, in connection with (without limitation):

- (a) amendments of a housekeeping nature;
- (b) changes to the termination provisions of a DSU or the Plan; and
- (c) amendments to reflect changes to applicable securities or tax laws.

However, other than as set out above, any amendment, modification or change to the provisions of the Plan which would:

- (1) materially increase the benefits to the holder of the DSU who is an Insider to the material detriment of the Company and its shareholders;
- (2) increase the number of Shares or maximum percentage of Shares which may be issued pursuant to this Plan (other than by virtue of adjustments pursuant to Section 9.2 of the Plan);
- (3) permit DSUs to be transferred other than for normal estate settlement purposes;
- (4) remove or exceed the Insider participation limits;
- (5) modify the eligibility requirements for participation in the Plan; or
- (6) modify the amending provisions of the Plan set forth in this Section 10.2,

shall only be effective on such amendment, modification or change being approved by the shareholders of the Company. In addition, any such amendment, modification or change of any provision of this Plan shall be subject to the approval, if required, by any stock exchange having jurisdiction over the securities of the Company.

10.3 The Board may terminate the Plan at any time but no such termination shall, without the consent of the Eligible Director or unless required by Applicable Law, adversely affect the rights of an Eligible Director with regard to any amount in respect of which an Eligible Director has then elected to receive DSUs or DSUs which the Eligible Director has then been granted under the Plan.

10.4 Notwithstanding Section 10.1 or Section 10.2, any amendment or termination of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) or any successor to such provision.

#### **Section 11. RIGHTS OF PARTICIPANTS AND LIMITATION OF LIABILITY**

11.1 Except as specifically set out in the Plan, no Director, or other person shall have any claim or right to any benefit in respect of DSUs granted or amounts payable pursuant to the Plan.

11.2 Neither the Plan nor any grant thereunder shall be construed as granting an Eligible Director a right to be retained as a Director of the Company or a claim or right to any future grants of DSUs.

11.3 Under no circumstances shall DSUs be considered Shares nor shall they entitle any Eligible Director to exercise voting rights or any other rights attaching to the ownership of Shares, nor shall any Eligible Director be considered the owner of Shares by virtue of this Plan.

11.4 No member of the Board or any officer or employee of the Company or any Affiliate shall be liable for any action or determination made in good faith pursuant to the Plan or any Election Notice under the Plan.

#### **Section 12. DEATH OF PARTICIPANT**

12.1 In the event of an Eligible Director's death, any and all DSUs then credited to the Eligible Director's Account shall become payable to the Eligible Director's legal representative in accordance with Section 8 hereof.

#### **Section 13. COMPLIANCE WITH APPLICABLE LAWS AND POLICIES**

13.1 Any obligation of the Company pursuant to the terms of the Plan is subject to compliance with all Applicable Laws. The Eligible Director shall comply with all such Applicable Laws and furnish the Company with any and all information and undertakings as may be required to ensure compliance therewith.

13.2 The Board and each Director will ensure that all actions taken and decisions made by the Board or a Director, as the case may be, pursuant to the Plan, comply with Applicable Laws and policies of the Company relating to insider trading and "black out" periods.

13.3 The maximum number of Shares made available for issuance from treasury under this Plan, subject to adjustment pursuant to Section 9, shall not exceed ~~4,000,000~~4,500,000 Shares. Any Shares subject to a DSU which has been cancelled or terminated without settlement or that ~~have~~has been settled in cash in accordance with the terms of this Plan will again be available under this Plan. The number of Shares (i) issued under the Plan to Insiders of the Company, within any one (1) year period, and (ii) issuable to Insiders of the Company, at any time, under this Plan, or when combined with all of the Company's other security based compensation arrangements, shall not exceed 10% of the Company's total issued and outstanding Shares, respectively. The number of Shares reserved for issuance under the Plan to any one Eligible Director within a one year period, in combination with all other equity awards granted to Eligible Directors under any other ~~share~~security based compensation

arrangement, shall be limited to an annual equity award value (based on ~~Black-Scholes or Share Price~~the black-scholes model or Market Value as determined by the Board) of CAD\$150,000 per Eligible Director. The aggregate number of Shares reserved for issuance to Eligible Directors shall not exceed 1.0% of the total number of issued and outstanding Shares. For the purposes of this Plan, “**security-based compensation arrangement**” shall ~~have~~include any arrangement of the ~~meaning~~nature set out in section 613(b) of the TSX Company Manual. For greater certainty, the number of Shares outstanding shall mean the number of Shares outstanding on a non-diluted basis on the date immediately prior to the proposed ~~Grant Date~~grant date.

13.4 For greater certainty, if the Required Shareholder Approval is not obtained or the conditions set out in Section 13.3 are not satisfied, DSUs will be redeemed in cash and no Shares may be issued from treasury in respect of such DSUs.

#### **Section 14. WITHHOLDING TAXES**

14.1 To ensure that the Company will be able to comply with the applicable provisions of any federal, provincial, or local law relating to the withholding of tax or other required deductions, the Company shall be entitled to withhold or cause to be withheld from any amount payable to an Eligible Director, either under this Plan, or otherwise, such amount as the Company reasonably determines is required.

#### **Section 15. TRANSFERABILITY**

15.1 In no event may the rights or interests of an Eligible Director under the Plan be assigned, encumbered, pledged, transferred or alienated in any way, except to the extent that certain rights may pass to a beneficiary or legal representative upon death of an Eligible Director, by will or by the laws of succession and distribution.

#### **Section 16. NOTICES**

16.1 Any payment, notice, statement, certificate or other instrument required or permitted to be given to an Eligible Director or any person claiming or deriving any rights through him shall be given by:

- (a) delivering it personally to the Eligible Director or the person claiming or deriving rights to him, as the case may be; or
- (b) mailing it, postage paid (provided that the postal service is then in operation) or delivering it to the address which is maintained for the Eligible Director in the Company’s personnel records.

16.2 Any payment, notice, statement, certificate or instrument required or permitted to be given to the Company shall be given by mailing it, postage prepaid (provided that the postal service is then in operation) or delivering it to the Company at the following address:

Lucara Diamond Corp.  
~~885 West Georgia~~Suite 502, 1250 Homer Street  
~~Suite 2000~~

Vancouver, ~~British Columbia~~ [BC V6B 2Y5](#)  
~~V6C 3E8~~

Attention: Zara Boldt, CFO and Corporate Secretary  
Email: [zara.boldt@Lucaradiamond.com](mailto:zara.boldt@Lucaradiamond.com)



## APPENDIX D – AMENDED OPTION PLAN

*Please see attached.*



# LUCARA

## DIAMOND

~~(the "Company")~~

### INCENTIVE STOCK OPTION PLAN ~~(the "Plan")~~

As Dated March 19, 2015, amended ~~by the Board of Directors on~~ March 20, 2019 and ~~approved by the Company's shareholders on May 10~~ March 22, 2019 2023.

## ARTICLE I INTRODUCTION

### 1.1 Purpose of Plan

The purpose of the Plan is to secure for the Company and its shareholders the benefits of incentive inherent in the share ownership by the Directors, Officers and Employees of the Company and its Subsidiaries who, in the judgment of the Board, will be largely responsible for its future growth and success. It is generally recognized that a stock option plan of the nature provided for herein aids in retaining and encouraging Directors, Officers and Employees of exceptional ability because of the opportunity offered them to acquire a proprietary interest in the Company.

### 1.2 Definitions

- (a) **"Affiliate"** has the meaning ascribed thereto by the policies of the Exchange.
- (b) **"Associate"** has the meaning ascribed thereto in the Securities Act.
- (c) **"Board"** means the board of directors of the Company, or any committee of the board of directors to which the duties of the board of directors hereunder are delegated.
- (d) **"Cashless Exercise"** has the meaning ascribed thereto in Section 2.8 of this Plan.
- (e) ~~(e)~~ **"Certificate"** means a physical share certificate representing Share(s) or a non-transferable written acknowledgement of the right to obtain a physical share certificate representing Share(s).
- (f) ~~(d)~~ **"Change of Control"** means the occurrence of any one or more of the following events:
  - (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares

immediately prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation immediately after completion of the transaction;

- (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the assets, rights or properties of the Company and its ~~subsidiaries~~Subsidiaries on a consolidated basis to any other person or entity, other than transactions among the Company and its ~~subsidiaries~~Subsidiaries;
- (iii) a resolution is adopted to wind-up, dissolve or liquidate the Company;
- (iv) any person, entity or group of persons or entities acting jointly or in concert (the “**Acquiror**”) acquires, or acquires control (including, without limitation, the power to vote or direct the voting) of, voting securities of the Company which, when added to the voting securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or Associates and/or Affiliates of the Acquiror to cast or direct the casting of 30% or more of the votes attached to all of the Company’s outstanding voting securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect directors);
- (v) as a result of or in connection with: (A) a contested election of directors of the Company; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Affiliates and another corporation or other entity (a “**Transaction**”), fewer than 50% of the Directors are persons who were Directors of the Company immediately prior to such Transaction; or
- (vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

For the purposes of the foregoing definition of Change of Control, “**voting securities**” means Shares and any other shares entitled to vote for the election of directors of the Company and shall include any security, whether or not issued by the Company, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors, including any options or rights to purchase such shares or securities.

~~(e) “Board” means the board of directors of the Company, or any committee of the board of directors to which the duties of the board of directors hereunder are delegated.~~

(g) ~~(f)~~ “**Company**” means Lucara Diamond Corp., a company duly continued under the laws of British Columbia.

- (h) ~~(g)~~ “**Compensation Committee**” means the Company’s compensation committee.
- (i) ~~(h)~~ “**Consultant**” means, in relation to the Company, any individual, corporation or, other person engaged to provide ongoing valuable services to the Company or any Affiliate.
- (j) ~~(i)~~ “**Director**” means a director of the Company or any of its Subsidiaries.
- (k) ~~(j)~~ “**Disinterested Shareholder Approval**” means approval by a majority of the votes cast by all the Company’s shareholders at a duly constituted shareholders’ meeting, excluding votes attached to shares of the Company beneficially owned by Insiders or their Associates.
- (l) ~~(k)~~ “**Eligible Person**” means an Employee, Director (including an Outside Director), or Officer of the Company or any of its Subsidiaries and, except in relation to a Consultant company, includes a company that is wholly-owned by such persons.
- (m) ~~(l)~~ “**Employee**” means an individual who is a bona fide employee of the Company or of any Subsidiary of the Company and includes:
- (i) an individual who is considered an employee of the Company or its Subsidiary under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source),
  - (ii) an individual who works full-time for the Company or its Subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work, as an employee of the Company, but for whom income tax deductions are not made at source,
  - (iii) an individual who works for the Company or its ~~subsidiary~~Subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source, and
  - (iv) a bona fide Consultant of the Company or of a Subsidiary of the Company who is approved for participation in this Plan by the Board and in respect of whom the Company has qualified by way of an exemption, or has obtained an order from any securities commission or other regulatory authority having jurisdiction over the granting of options to consultants, permitting granting of the Option.
- (n) ~~(m)~~ “**Exchange**” means the Toronto Stock Exchange.

- (o) ~~(n)~~ **“Exercise Notice”** means a written notice of exercise of an Option delivered by the Optionee hereunder to the Company and shall be substantially in the form of Exhibit “I” attached to Schedule “A” hereto.
- (p) ~~(o)~~ **“Insider”** of the Company shall mean a Participant who is an “insider” of the Company as defined in the Securities Act.
- (q) ~~(p)~~ **“Market Price”** means the higher of the closing price of the Shares on the Exchange on: (i) the date the Option is granted and (ii) the last trading day preceding the date the Option is granted.
- (r) ~~(q)~~ **“Officer”** has the meaning ascribed thereto in the Securities Act.
- (s) ~~(r)~~ **“Option”** shall mean an incentive stock option granted under the terms of the Plan.
- (t) ~~(s)~~ **“Option Commitment”** means a notice of grant of an Option delivered by the Company hereunder to an Optionee and shall be substantially in the form of Schedule “A” attached hereto.
- (u) ~~(t)~~ **“Option Period”** shall mean the period during which an Option may be exercised.
- (v) ~~(u)~~ **“Optionee”** shall mean a Participant to whom an Option has been granted under the terms of the Plan.
- (w) ~~(v)~~ **“Outside Director”** means every ~~director~~Director of the Company who is not a full-time ~~employee~~Employee of, or ~~consultant~~Consultant to, the Company or any of its Subsidiaries.
- (x) ~~(w)~~ **“Participant”** means, in respect of the Plan, an Eligible Person who elects to participate in the Plan.
- (y) ~~(x)~~ **“Plan”** means the Incentive Stock Option Plan established and operated pursuant to Article II hereof.
- ~~(y) — “Personal Representative” means:~~
- ~~(i) — In the case of a deceased Optionee, the executor or administrator of the deceased Optionee duly appointed by a court or public authority having jurisdiction to do so, and~~
- ~~(ii) — In the case of an Optionee who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Optionee.~~
- (z) **“Resignation”** means the cessation of employment (as an Officer or Employee) of the Participant with the Company or any of its Subsidiaries as a result of resignation, including as a result of retirement.

- (aa) “**Securities Act**” means the *Securities Act*, R.S.B.C., 1996 c.418, as amended from time to time.
- (bb) “**Share Compensation Arrangement**” means the Plan described herein and any other stock option, stock option plan, employee stock purchase plan, share distribution plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more Eligible Persons.
- (cc) “**Shares**” shall mean the common shares of the Company.
- (dd) “**Subsidiary**” has the meaning ascribed thereto in the Securities Act.
- (ee) “**Termination With Cause**” means the termination of employment (as an Officer or Employee) of the Participant with cause by the Company or any of its Subsidiaries (and does not include Resignation).
- (ff) “**Termination Without Cause**” means the termination of employment (as an Officer or Employee) of the Participant without cause by the Company or any of its Subsidiaries (and does not include Resignation) and, in the case of an Officer, includes the removal of or failure to reappoint the Participant as an Officer of the Company or any of its Subsidiaries.

### 1.3 Agreement

The Company and every person to whom an ~~option~~Option is awarded hereunder shall be bound by and subject to the terms of this Plan.

### 1.4 Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

### 1.5 Headings

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

## ARTICLE II STOCK OPTION PLAN

### 2.1 Participation

Options to purchase Shares may be granted hereunder to Eligible Persons.

### 2.2 Determination of Option Recipients

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the present and potential contributions of a particular

Eligible Person to the success of the Company and any other factors which it may deem proper and relevant.

### 2.3 Exercise Price

The exercise price per Option shall be determined by the Board but, in any event, shall not be lower than the Market Price. Any reduction in the exercise price of an Option held by an Optionee who is an Insider of the Company at the time of the proposed reduction will require Disinterested Shareholder Approval.

### 2.4 Grant of Options

The Board may at any time authorize the granting of Options to such Eligible Persons as it may select for the number of Shares that it shall designate, subject to the provisions of the Plan. The Compensation Committee shall make annual recommendations to the Board for grants of Options following each year end. A Director of the Company to whom an Option may be granted shall not participate in the decision of the Board to grant such Option. The date of each grant of Options shall be determined by the Board when the grant is authorized.

### 2.5 Option Commitment

Each Option granted to an Optionee shall be evidenced by an Option Commitment detailing the terms of the Option and upon delivery of the Option Commitment to the Optionee by the Company the Optionee shall have the right to purchase the Shares underlying the Option at the exercise price set out therein, subject to any provisions as to the vesting of the Option, which the Board may determine.

### 2.6 Terms of Options

Subject to the early expiry provisions contained elsewhere in this Plan, the expiry date (the “**Expiry Date**”) of an Option shall be the date so fixed by the Board at the time the particular ~~Options~~Option is awarded, provided, however, that the Option Period shall not be longer than 5 years. Notwithstanding the foregoing, in the event that any Option expires during, or within 48 hours after, a self imposed blackout period on trading due to the applicable policies of the Company in respect of insider trading, such Expiry Date will be automatically extended to and will become the tenth day following the end of the blackout period. Any ~~Option or any part thereof~~Options not exercised within the Option Period shall terminate and become null, void and of no effect as of 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date, as extended if applicable.

### 2.7 Exercise of Option

Subject to the provisions of the Plan, an Option may be exercised from time to time prior to the Expiry Date by delivery to the Company of a completed Exercise Notice accompanied by payment in full by certified cheque, money order or such other manner of payment as may be acceptable to the Company of the exercise price ~~ef~~for the Shares to be purchased plus such amount as may be required by applicable legislation for statutory withholdings. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment.

## 2.8 Cashless Exercise

Notwithstanding any other provision of the Plan and except as otherwise provided in an Option Commitment, an Optionee may choose to undertake a cashless exercise with the assistance of a broker in order to facilitate the exercise of such Optionee's Options (a "Cashless Exercise"). In the event of a Cashless Exercise, the Optionee will not be required to deliver to the Company a certified cheque, money order or such other manner of payment referred to in Section 2.7 above. Instead, in the Exercise Notice, the Optionee will elect the Cashless Exercise option and the following procedure will be followed:

- (a) the Optionee will instruct a broker selected by the Optionee to sell the Shares issuable upon exercise of its Options as soon as possible and at the applicable market price for the Shares;
- (b) on the settlement date for the trade, the Company will direct its registrar and transfer agent to issue a certificate in the name of the broker (or as the broker may otherwise direct) for the number of Shares issued on exercise of the Option, against payment by the broker to the Company of the exercise price for such Shares under the terms of the Option Commitment, plus such amount as may be required by applicable legislation for statutory withholdings; and
- (c) the broker will deliver to the Optionee the remaining proceeds of sale, net of the brokerage commission,

provided, however, that in the event of a Cashless Exercise, the Optionee must comply with all such other procedures and policies as the Board or Compensation Committee may prescribe or determine to be necessary or advisable from time to time in connection with such exercise.

## 2.9 ~~2.8~~ Vesting

Options granted pursuant to the Plan shall vest and become exercisable by an Optionee at such time or times as may be determined by the Board at the date of the Option grant and as indicated in the Option Commitment related thereto.

Subject to the Board of Directors' discretion, Options may have a vesting period of up to three years, with 1/3 of the Options vesting 12 months from the date of grant; 1/3 of the Options vesting 24 months from the date of grant; and the remaining 1/3 vesting 36 months from the date of grant.

## 2.10 ~~2.9~~ Death or Disability of Optionee

In the event of:

- (a) the death of a Participant, any unvested Options held by such Participant will automatically vest and become exercisable on the date of death of such Participant and all Options shall be exercisable for a period of 12 months after the date of death, subject to the expiration of such Options occurring prior to the end of such 12-month period; or



- (b) the disability of a Participant (as may be determined in accordance with the policies, if any, or general practices of the Company or any ~~subsidiary~~Subsidiary), any unvested Options held by such Participant will automatically vest and become exercisable on the date on which the Participant is determined to be totally disabled and all Options shall be exercisable for a period of 12 months after the date the Participant is determined to be totally disabled, subject to the expiration of such Options occurring prior to the end of such 12-month period.

#### 2.11 ~~2.10~~ Termination Without Cause

In the event of Termination Without Cause of a Participant ~~who has been continuously employed by the Company or any of its Subsidiaries, or retained as a Consultant to the Company or any of its Subsidiaries, for at least two (2) years prior to the date of such Termination Without Cause inclusive of any notice period, if applicable, any unvested Options held by such Participant will automatically vest on the date of Termination Without Cause, and shall be exercisable for a period of 90 days after the date of Termination Without Cause, subject to the expiration of such Options occurring prior to the end of such 90 day period. In the event of Termination Without Cause of a Participant who has been continuously employed by the Company or any of its Subsidiaries, or retained as a Consultant to the Company, for less than two (2) years prior to the date of such Termination Without Cause inclusive of any notice period, if applicable,~~ any vested Options held by such Participant shall be exercisable for a period of 90 days after the date of Termination Without Cause, but any unvested Options held by the Participant shall expire on the date of Termination Without Cause and become void and the Participant shall have no entitlement and will forfeit any rights to any issuance of Shares under this Plan in connection with such unvested Options, except as may otherwise be stipulated in the Participant's Option Commitment or as otherwise determined by the Board.

#### 2.12 ~~2.11~~ Resignation

In the event of Resignation of a Participant, all of the Participant's Options that have vested shall be exercisable for a period of 90 days after the date of Resignation, subject to the expiration of such Options occurring prior to the end of such 90-day period, and any unvested Options held by such Participant shall expire and become void on the date of Resignation.

#### 2.13 ~~2.12~~ Termination With Cause

In the event of Termination With Cause of a Participant, all of the Participant's Options shall expire and become void on the date of Termination With Cause and the Participant shall have no entitlement and will forfeit any rights to any issuance of Shares under Options awarded under this Plan, except as may otherwise be stipulated in the Participant's Option Commitment, employment agreement or as may otherwise be determined by the Board in its sole and absolute discretion.

#### 2.14 ~~2.13~~ Subject to Employment/Severance Agreements

Sections ~~2.9~~, 2.10, 2.11, 2.12 and ~~2.12~~2.13 shall be subject to any employment/severance agreement between the Participant and the Company or any of its Subsidiaries.

#### 2.15 ~~2.14~~ Effect of Take-Over Bid

If a bona fide offer (the “**Offer**”) for Shares is made to the Optionee or to shareholders generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror exercising control over the Company within the meaning of the Securities Act, then the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of the full particulars of the Offer. The Board will have the sole discretion to amend, abridge or otherwise eliminate any vesting schedule so that notwithstanding the other terms of this Plan, such Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise (the “**Optioned Shares**”) pursuant to the Offer. If:

- (a) the Offer is not complied with within the time specified therein;
- (b) the Optionee does not tender the Optioned Shares pursuant to the Offer; or
- (c) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the offeror in respect thereof;

then at the discretion of the Board, the Optioned Shares or, in the case of clause (c) above, the Optioned Shares that are not taken up and paid for, shall be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and the terms of the Option as set forth in this Plan and the Option Commitment shall again apply to the Option. If any Optioned Shares are returned to the Company under this Section, the Company shall refund the exercise price to the Optionee for such Optioned Shares.

#### 2.16 ~~2.15~~ Effect of Reorganization, Amalgamation or Merger

If the Company is reorganized, amalgamated or merges with or into another company, at the discretion of the Board, each Option will thereafter be deemed to entitle the holder to receive upon due exercise of the Option, not Shares of the Company, but instead the securities or property which the Optionee would have received upon such reorganization, amalgamation or merger as if the Optionee had exercised the Option immediately prior to the record date applicable to such reorganization, amalgamation or merger, and the exercise price shall be adjusted appropriately by the Board, subject to any applicable Exchange or other regulatory approvals, and such adjustment shall be binding for all purposes of the Plan.

#### 2.17 ~~2.16~~ Effect of Change of Control

If a Change of Control occurs, all Shares subject to each outstanding Option will become fully vested at the effective time of the Change of Control, whereupon such Option may be exercised in whole or in part by the Optionee.

#### 2.18 ~~2.17~~ Adjustment in Shares Subject to the Plan

If prior to the exercise of any Option, the Shares are consolidated, subdivided, converted, exchanged or reclassified or are in any way substituted for (collectively, the “**Event**”), an Option, to the extent it has or has not been exercised shall be adjusted by the Board in accordance with such Event in the manner the Board determines appropriate. The Company will not be required to issue fractional shares in

satisfaction of its obligations hereunder. Any fractional interest in a Share that would, except for this provision, be deliverable upon the exercise of an Option will be cancelled. If any questions arise at any time with respect to the exercise price or number of Shares deliverable upon exercise of an Option as a result of an Event, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants that the Company may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

2.19 ~~2.18~~ Clawback

It is a condition of each grant of Options that in the event of:

- (a) Termination With Cause of a Participant, or the Board reasonably determines after termination of a Participant's employment that the termination could have been Termination With Cause;
- (b) the Board reasonably determining that a Participant engaged in conduct that causes material financial or reputational harm to the Company or its Affiliates, or engaged in gross negligence, willful misconduct or fraud in respect of the performance of the Participant's duties for the Company or an Affiliate of the Company; or
- (c) ~~(a)~~ the Company's financial statements (the "**Original Statements**") being required to be restated (other than solely as a result of a change in accounting policy by the Company or under International Financial Reporting Standards applicable to the Company) and such restated financial statements ~~(the "**Restated Statements**")~~ disclose, in the opinion of the Board acting reasonably, materially worse financial results than those contained in the Original Statements,

~~(b)~~ then the Board may, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that such action is in the best interest of the Company, and in addition to any other rights that the Company or an Affiliate may have at law or under any agreement, take any or all of the following actions, as applicable:

- (i) reduce the number of, or cancel and terminate, any one or more unvested grants of Options, or cancel or terminate any outstanding grants of Options which have vested in the twelve (12) months prior to: (y) the date of Termination With Cause of a Participant or the date the Board makes a determination under paragraph (a) or (b) above; or (z) the date on which the Board determines that the Company's Original Statements are required to be restated, in the event paragraph (c) above applies (each such date provided for in clause (y) and (z) of this paragraph (i) being a "**Relevant Equity Recoupment Date**"); and/or
- (ii) require payment to the Company of the value of any Shares acquired by the Participant pursuant to a grant of Options in the twelve (12) months prior to a Relevant Equity Recoupment Date (less any amount paid by the Participant to acquire such Shares and less the amount of tax withheld pursuant to the

Income Tax Act (Canada) or other relevant taxing authority in respect of such Shares).

2.20 ~~2.19~~ Other Recoupment

Notwithstanding anything in this Plan to the contrary, any Option Commitment may also provide for the cancellation or forfeiture of a grant of Options or the forfeiture and repayment to the Company of any gain related to a grant of Options, or other provisions intended to have a similar effect, upon such terms and conditions as may be required by the Board or by applicable law.

**ARTICLE III  
GENERAL**

3.1 Maximum Number of Shares

- (a) Subject to Section ~~2.17~~2.18 hereof, the aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10,000,000 Shares.
- (b) Options that have been exercised, cancelled or that have expired or terminated for any reason in accordance with the terms of the Plan, shall again be available for grant under the Plan.
- (c) The aggregate number of Shares reserved for issuance pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to any one Participant within a one-year period shall not exceed 10% of the Shares outstanding at the time of the grant unless the Company has obtained the requisite Disinterested Shareholder Approval.
- (d) The aggregate number of Shares reserved for issuance pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders shall not exceed 10% of the Shares outstanding from time to time unless the Company has obtained the requisite Disinterested Shareholder Approval.
- (e) The aggregate number of Shares which may be issued pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders within a one-year period shall not exceed 10% of the Shares outstanding from time to time unless the Company has obtained the requisite Disinterested Shareholder Approval.
- (f) The aggregate number of Shares that may be issued pursuant to this Plan, together with any Shares that may be issued pursuant to any other Share Compensation Arrangement (pre-existing or otherwise), to all Outside Directors shall not exceed 1% of the Shares outstanding on a non-diluted basis from time to time and the value of any Options granted to Outside Directors shall not exceed \$100,000 per year per Outside Director.

### 3.2 Transferability

Options are not assignable or transferable other than by will or by the applicable laws of descent. During the lifetime of an Optionee, all Options may only be exercised by the Optionee.

### 3.3 Employment

Nothing contained in the Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with the Company or any Subsidiary, or interfere in any way with the right of the Company or any Subsidiary, to terminate the Optionee's employment at any time. Participation in the Plan by an Optionee is voluntary.

### 3.4 No Shareholder Rights

An Optionee shall not have any rights as a shareholder of the Company with respect to any of the Shares covered by an Option until the Optionee exercises such Option in accordance with the terms of the Plan and the Shares are issued by the Company.

### 3.5 Record Keeping

The Company shall maintain a register in which shall be recorded the name and address of each Optionee, the number of Options granted to an Optionee, the details thereof and the number of Options outstanding.

### 3.6 Necessary Approvals

The Plan shall be effective only upon the approval of the Board, the shareholders of the Company by ordinary resolution or Disinterested Shareholder Approval, as applicable, and acceptance by the Exchange. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Shares are listed for trading which may be required in connection with the authorization, issuance or sale of such Shares by the Company. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any exercise price paid by an Optionee to the Company shall be returned to the Optionee.

### 3.7 Administration of the Plan

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

### 3.8 Withholding

The Company or its Subsidiaries may withhold from any amount payable to a Participant, either under this Plan, or otherwise, such amount as may be necessary so as to ensure that the Company or its Subsidiaries will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, including on the amount, if Incentive Stock Option Plan



any, includable in the income of a Participant. Each of the Company and its Subsidiaries shall also have the right in its discretion to satisfy any such withholding tax liability by retaining, acquiring or selling on behalf of a Participant any Shares which would otherwise be issued or provided to a Participant hereunder.

### 3.9 Amendments to the Plan

The Board shall have the power to, without shareholder approval, at any time and from time to time, either prospectively or retrospectively, amend, suspend, or terminate this Plan or any Option granted under this Plan:

- (a) for the purposes of making minor or technical modifications to any of the provisions of this Plan;
- (b) to correct any ambiguity, defective provisions, error or omission in the provisions of this Plan or to reflect changes to applicable securities or taxation laws;
- (c) to change any vesting provisions of Options;
- (d) to change the termination provisions of this Plan or to extend the expiration date of any Option provided that the period during which an Option is exercisable does not exceed 5 years from the date the Option is granted;
- (e) to add or change provisions relating to any form of financial assistance provided by the Company to Eligible Persons that would facilitate the purchase of securities under the Plan; and
- (f) to add a cashless exercise feature to any Option or to the Plan, providing for the payment in cash or securities upon the exercise of Options,

provided however that:

- (g) such amendment, suspension or termination is in accordance with applicable laws and the rules of any stock exchange on which the Shares are listed;
- (h) no such amendment, suspension or termination shall be made at any time to the extent such action would materially adversely affect the existing rights of an ~~optionee~~Optionee with respect to any then outstanding Option, as determined by the Board acting in good faith, without his or her consent in writing; and
- (i) the Board shall obtain shareholder approval of the following:
  - (i) ~~(i)~~ any amendment to increase the maximum number of Shares issuable upon the exercise of all Options granted under the Plan specified in Section 3.1(a) (other than pursuant to Section ~~2.17~~2.18);
  - (ii) ~~(ii)~~ any amendment that would reduce the exercise price of an outstanding Option (other than pursuant to Section ~~2.17~~2.18);

- (iii) ~~ii)~~ any amendment that would extend the term of any Option;
- (iv) ~~iii)~~ any amendment that would remove or exceed the participation limits set out in Sections 3.1(d), (e) and (f);
- (v) ~~iiii)~~ any amendment to Section 3.2 with respect to assignment or transferability of the Options;
- (vi) ~~iiiii)~~ any amendment that would materially modify the eligibility requirements for participation in this Plan;
- (vii) ~~iiiiii)~~ any amendment that would materially increase the benefits to a holder of Options who is an Insider to the material detriment of the Company and its shareholders; and
- (viii) ~~iiiiiiv)~~ a change to this Section 3.9 of this Plan.

### 3.10 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

### 3.11 Compliance with Applicable Law

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Company or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

Schedule "A"



OPTION COMMITMENT

Notice is hereby given that, effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_ ~~(the "Date of Grant")~~, Lucara Diamond Corp. (the "Company") has granted to [Name of Optionee], ~~an~~ \_\_\_\_\_ Options, with each Option exercisable to acquire ~~[Number of optioned Shares] Shares~~ one Share, up to 5:00 p.m. Vancouver Time on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_ (the "Expiry Date"), at an exercise price of Cdn\$[price per Share] per share (the "Exercise Price").

The grant of the ~~Option~~ Options evidenced hereby is made subject to the terms and conditions of the Company's Incentive Stock Option Plan (the "Plan"), a copy of which is attached hereto and whose terms, conditions and definitions are hereby incorporated herein. This Option Commitment and the Plan shall be collectively referred to herein as the "Option Documents".

The Shares may be acquired as follows:

**[Enter vesting provisions, as applicable]**

In the event there is a Change of Control of the Company, as such term is defined in the Plan, the Options represented by this Option Commitment shall immediately vest, subject to stock exchange approval as applicable.

To exercise your ~~Option~~ Options, deliver a completed Exercise Notice to the Company and, together with unless you otherwise choose to undertake a Cashless Exercise, certified cheque(s) or bank draft(s) in full payment of the Exercise Price plus all statutory deductions and withholdings, if any. Certificate(s) for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of the Exercise Notice and, if applicable, receipt of the requisite payment(s).

Please acknowledge acceptance of this Option Commitment on the terms and conditions prescribed herein by returning a signed (where indicated below) copy of the same to the Company (Attention: Corporate Secretary). By signing and delivering a copy of this Option Commitment to the Company, you are acknowledging receipt of a copy of the Plan and are agreeing to be bound by all of the terms contained therein.

**LUCARA DIAMOND CORP.**

\_\_\_\_\_  
*Authorized Signatory*

**Election to Accept Option**

I, \_\_\_\_\_, have read the Option Documents and hereby elect, acknowledge and agree to accept this Option and to be bound by the Option Documents this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_.

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

Witness: \_\_\_\_\_





Witness Name: \_\_\_\_\_  
(Printed)

NOTICE OF STOCK OPTION EXERCISE

TO: Lucara Diamond Corp. (the "Company")  
Suite ~~2000—885 W. Georgia~~502, 1250 Homer Street  
Vancouver, BC V6C-3E8B 2Y5  
Attn: Corporate Secretary

Dear Sirs:

Re: Stock Option Exercise

The undersigned hereby irrevocably gives notice, pursuant to the Company's Incentive Stock Option Plan (the "Plan"), of the exercise of ~~the Option~~Options to purchase \_\_\_\_\_ Shares at Cdn\$\_\_\_\_\_ per Share, pursuant to an Option Commitment from the Company dated effective \_\_\_\_\_ . Upon exercise hereof, there will be \_\_\_\_\_ Shares remaining available for exercise in my aforementioned Option Commitment.

Exercise Price of the Shares:

\_\_\_\_\_

Check Applicable Box:

\_\_\_\_\_ (Insert Name of Optionee or Broker) has provided a certified cheque/bank draft (*circle one*) made payable to the Company in the amount of Cdn\$\_\_\_\_\_, representing payment of the Exercise Price of the Shares plus all statutory withholdings, as applicable, in accordance with Section 2.7 of the Plan; OR

The undersigned hereby elects a Cashless Exercise Price in accordance with Section 2.8 of the Shares.

Statutory Withholdings:

Plan and hereby authorizes \_\_\_\_\_ (Insert Name of ~~Optionee or~~ Broker) ~~has provided a certified cheque/bank draft (circle one) made payable to the Company in the amount of Cdn\$\_\_\_\_\_ , representing payment of all statutory withholdings, as applicable to~~ engage in such transactions as may be required to facilitate the Cashless Exercise.

The undersigned hereby requests that the Shares issuable upon the exercise noted hereon be registered and delivered as follows, and confirms that such registration does not constitute a change in beneficial interest:

(1)

Registration Instructions	Delivery Instructions
Name: _____	Name: _____
Account reference, if applicable: _____	Account reference, if applicable: _____
Address: _____	Address: _____
_____	Contact Name: _____
_____	Contact Telephone Number: _____

Note

(1) If a Cashless Exercise is being elected, please provide registration and delivery instructions as directed by your broker.



Capitalized terms used but not otherwise defined in this notice shall have the meanings given to such terms in the Plan.

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

~~Yours truly,~~

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name - please print)

\_\_\_\_\_  
Social Insurance No. (for tax purposes only)

***Please remember to keep a copy of this form for your records***

