

LUCARA
DIAMOND

Q2 2023 Results Conference Call

AUGUST 10, 2023



Cautionary Statement

Forward-looking information

Certain of the statements made and contained herein and elsewhere constitute forward-looking statements as defined in applicable securities laws. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved.

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. The Company believes that expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be accurate and such forward-looking information included herein should not be unduly relied upon.

In particular, forward-looking information and forward-looking statements may include, but are not limited to, information or statements with respect to the Company's revenues, sales, diamond recoveries, ore and waste mined, ore processed, cash costs and expenses, and the Company's ability to continue as a going concern, economic and geopolitical risks, expectations regarding longer-term market fundamentals and price growth, the disclosure under "2023 Outlook", the Company's ability to extend the maturity date of its current WCF from its existing Lenders prior to expiry and the related terms, the Company's ability to receive a deferral of the deadline to fill the COF, the impact of supply and demand of rough or polished diamonds, expectations regarding top-up values and processing, the benefits to the Company of diamond supply agreements with HB and the ability to generate better prices from the sale of the Company's +10.8 carat production as a polished stone, projected capital costs associated with the Karowe UGP, estimated capital costs, the timing, scope and cost of additional grouting events, the Company's ability to comply with the terms of the Facilities which are required to construct the Karowe UGP, that expected cash flow from operations, combined with external financing will be sufficient to complete construction of the Karowe UGP, that the estimated timelines to achieve mine ramp up and full production from the Karowe UGP can be achieved, that sufficient stockpiled ore will be available to generate revenue prior to the achievement of commercial production of the Karowe underground mine, the economic potential of a mineralized area, the size and tonnage of a mineralized area, anticipated sample grades or bulk sample diamond content, expectations that the Karowe UGP will extend mine life, forecasts of additional revenues, future production activity, the future price and demand for, and supply of, diamonds, expectations regarding the scheduling of activities for the Karowe UGP in 2023, future forecasts of revenue and variable consideration in determining revenue, estimation of mineral resources, development plans, cost and timing of the development of deposits and estimated future production, interest rates, including expectations regarding the impact of market interest rates on future cash flows and the fair value of derivative financial instructions, currency exchange rates, rates of inflation, success of exploration, credit risk, price risk, requirements for and availability of additional capital, capital expenditures, operating costs, timing of completion of technical reports and studies, production and cost estimates, tax rates, timing of drill programs, government regulation of operations, environmental risks and ability to comply with all environmental regulations, reclamation expenses, title matters including disputes or claims, limitations on insurance coverage, negotiations and agreements among the Company and the Botswana Mine Workers Union, the completion of transactions and timing and possible outcome of pending litigation, the profitability of Clara and the Clara Platform, and the scaling of the digital platform for the sale of rough diamonds owned by Clara, expectations regarding the Clara platform's growth, the expected use of the Clara Facility, that the Company intends to continue to seek additional supply, both from third-party producers and the secondary market for Clara.

There can be no assurance that such forward looking statements will prove to be accurate, as the Company's results and future events could differ materially from those anticipated in this forward-looking information as a result of those factors discussed in or referred to under the heading "COVID-19 Global Pandemic, Economic and Geopolitical Risks" and "Risks and Uncertainties" section in the Company's most recent MD&A and under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form available at <http://www.sedar.com>, as well as changes in general business and economic conditions, changes in interest and foreign currency rates, the supply and demand for, deliveries of and the level and volatility of prices of rough diamonds, costs of power and diesel, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), and unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalations, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job actions, adverse weather conditions, and unanticipated events relating to health safety and environmental matters).

Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date the statements were made, and the Company does not assume any obligations to update or revise them to reflect new events or circumstances, except as required by law.

All currencies mentioned in this presentation are in United States Dollars ("US\$") unless otherwise mentioned.

Qualified Persons: Dr. John Armstrong, Ph.D. P.Geol, is the Qualified Person as defined by NI 43-101. Dr. Armstrong is Vice President Technical Services for the Company and has reviewed and approved the scientific and technical information contained in this presentation. Mr. Cliff Revering, P. Eng. of SRK Consulting is the independent Qualified Person as defined by NI 43-101 responsible for the Karowe Diamond Mine Mineral Resource estimation, and Mr. Gord Doerksen of JDS Energy and Mining Inc. is the Independent Qualified person as defined by NI 43-101 responsible for the Karowe Diamond Mine Mineral Reserve estimation. The most recent Mineral Resource and Mineral Reserve estimations are located in the 2022 Annual Information Form for the year ended December 31, 2022, dated March 13, 2023, which can be found on the Company's website and under its profile on SEDAR at www.sedar.com.

Technical Reports: For further details regarding the Karowe Underground Project and Qualified Persons as defined by NI 43-101, please refer to the technical report dated December 16, 2019 with an effective date of September 26, 2019, titled "Karowe Mine Underground Feasibility Study Technical Report, Botswana, posted to the Company's website and under its profile on SEDAR at www.sedar.com.

Q2 2023 Highlights

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

**Revenues \$41.1 million;
Adjusted EBITDA¹ of
\$15.7 million**

**6.6% Specials (+10.8 carats)
by weight
Including 13 stones >100
carats**

**Long term market
fundamentals remain
positive**

**Karowe UGP grouting
programs and shaft sinking
continued; \$22.5 million
invested**

**Strong, Safe, Reliable
Production**

**Cash flow of \$9.2 million
Operating cost \$27.97 per
tonne processed¹, a
decrease of 3% over the Q2
2022 metric**

**Updated schedule
and budget for
Karowe UGP
announced**

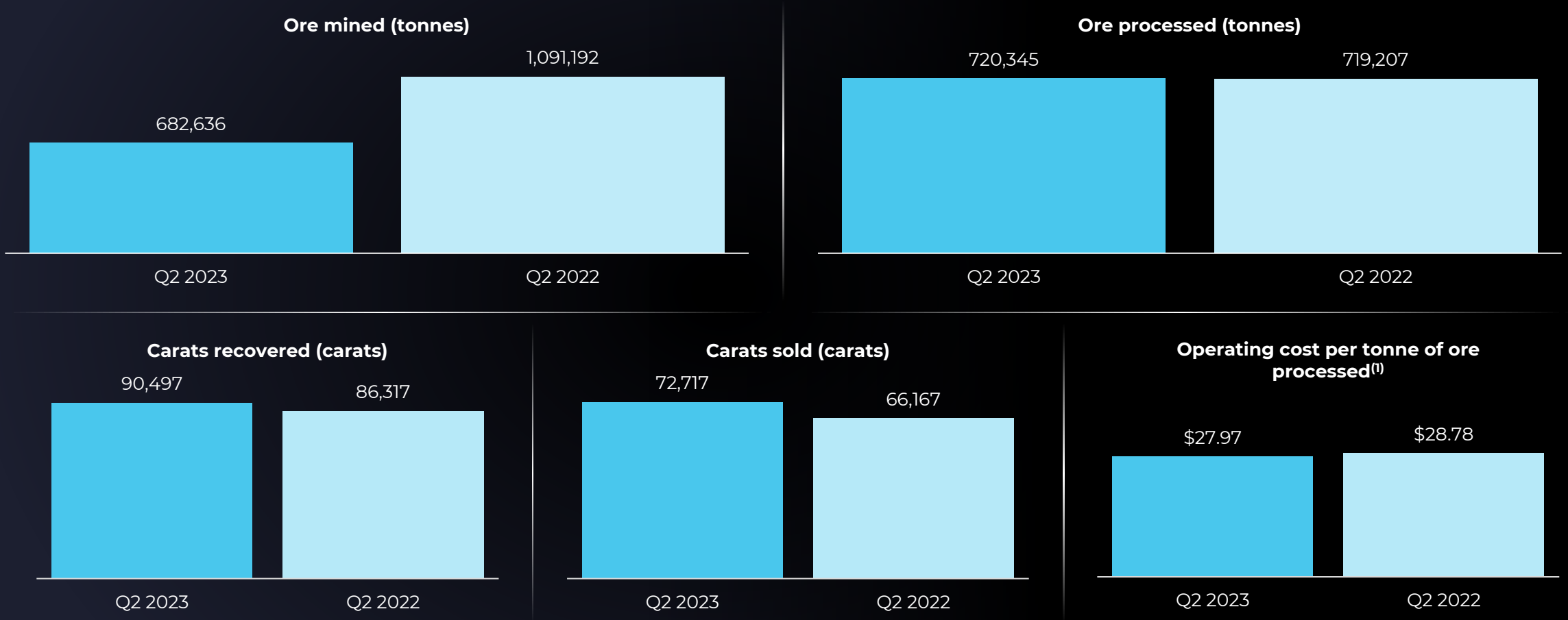
**Project debt facility² of \$170
million (\$90 million drawn)
Working capital facility² of
\$50 million (\$35 million
drawn)**

(1) Non-IFRS measure

(2) The working capital facility will mature on September 1, 2023 unless extended. The Company has other near-term commitments, including the requirement to place \$52.9 million in a cost overrun facility. Refer to Note 1 of the condensed interim consolidated financial statements for the three and six months ended June 30, 2023 and the section "Liquidity and Capital Resources" in the Interim MD&A for the same period.

Q2 2023 Operational Highlights – Karowe Mine

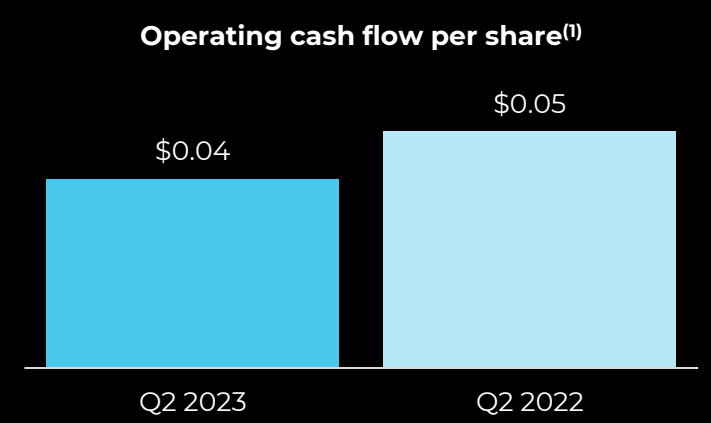
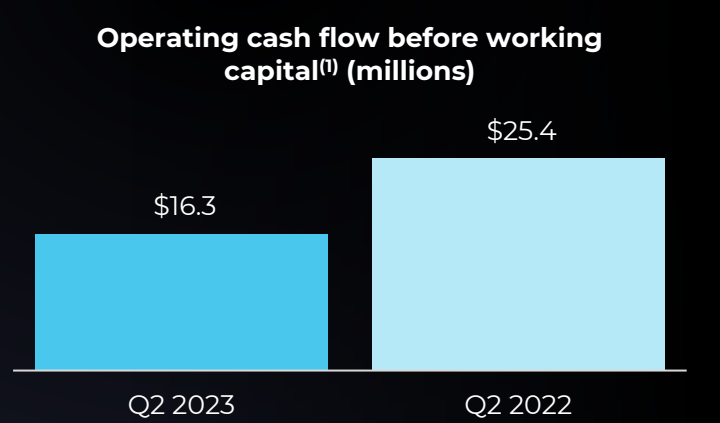
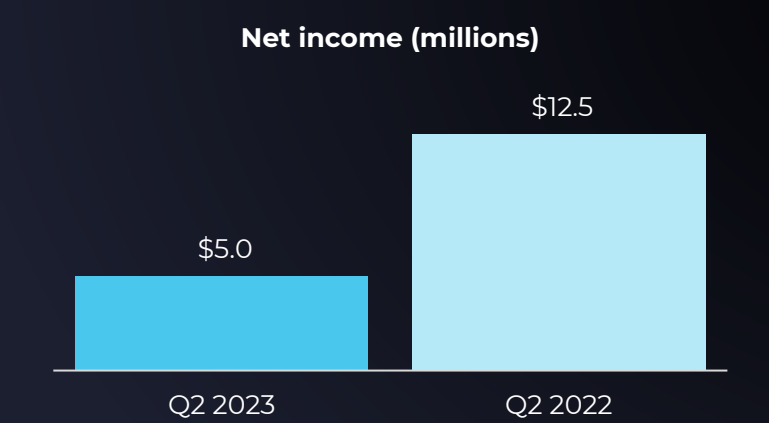
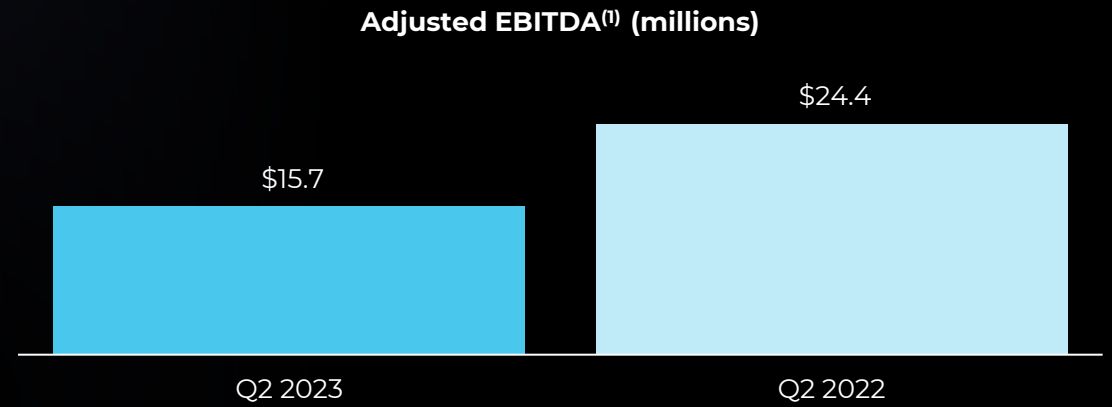
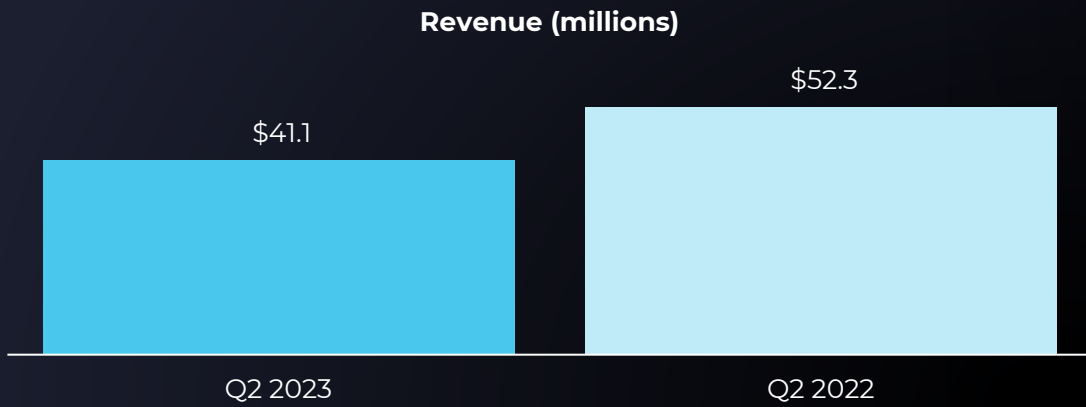
Three months ending June 30, 2023
(All currency figures in U.S. Dollars)



(1) Non-IFRS measure

Q2 2023 Financial Highlights

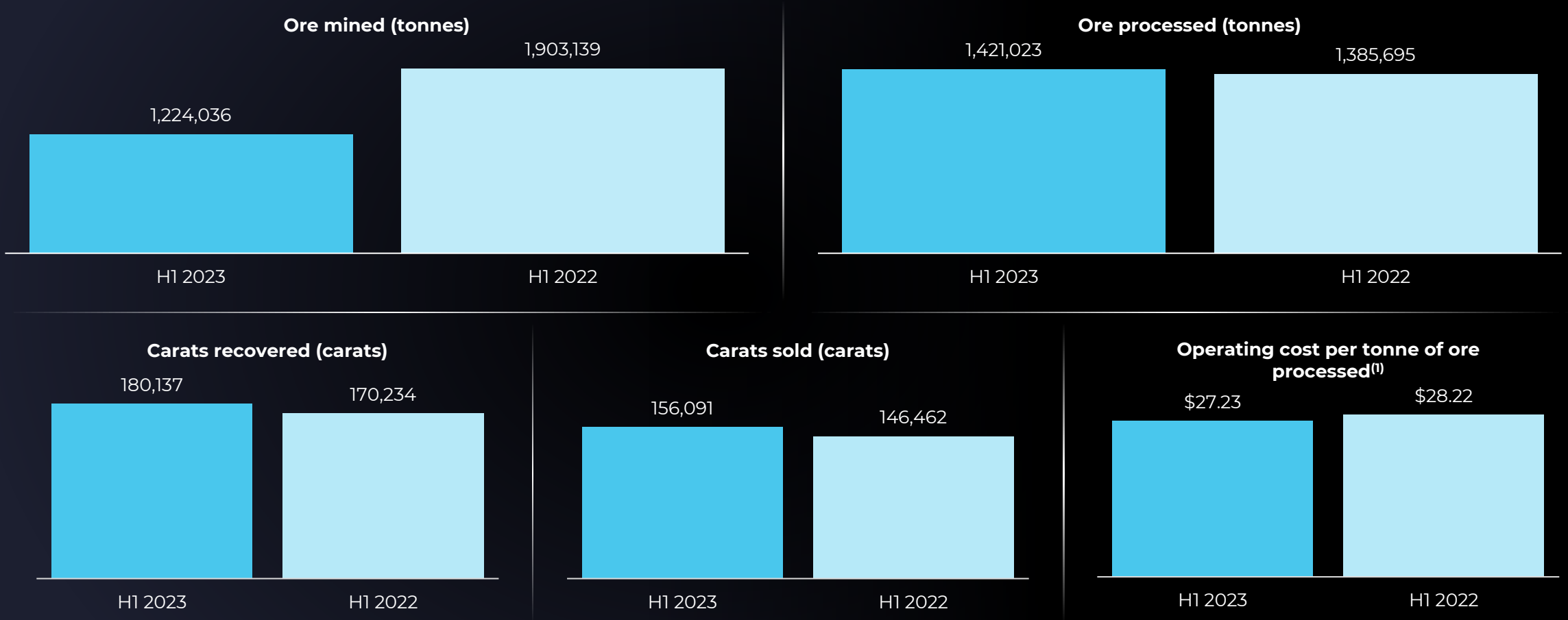
Three months ending June 30, 2023
(All currency figures in U.S. Dollars)



(1) Non-IFRS measure

H1 2023 Operational Highlights – Karowe Mine

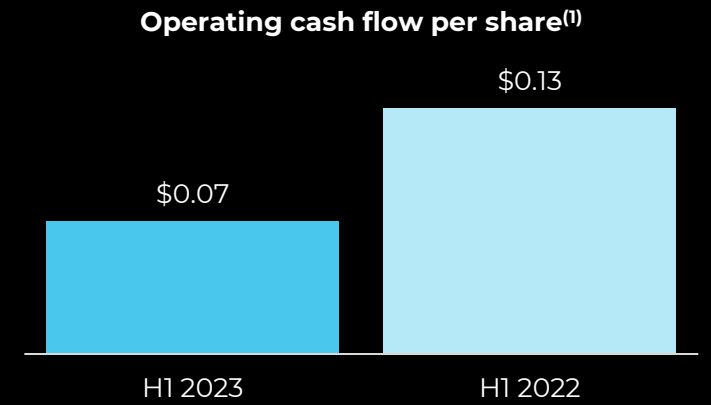
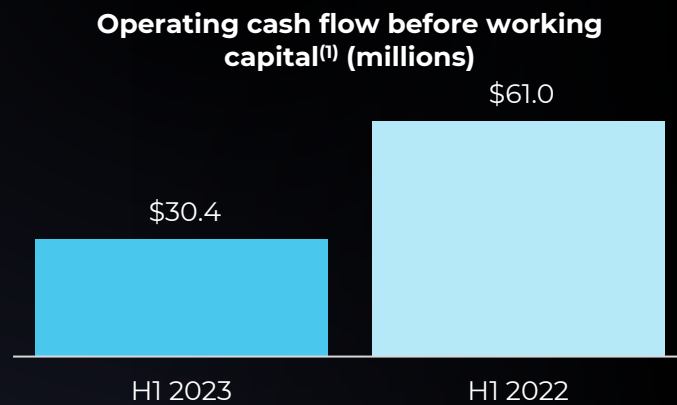
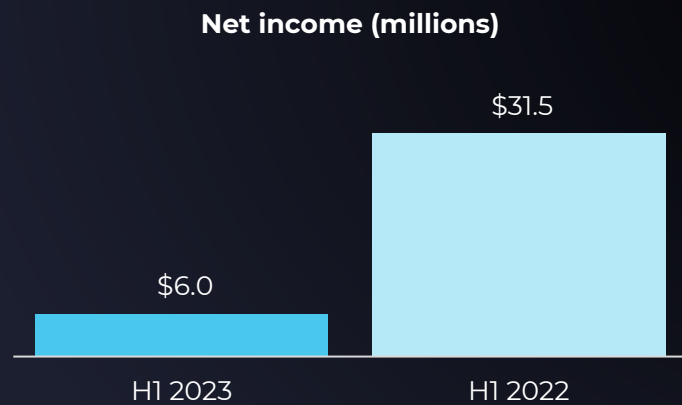
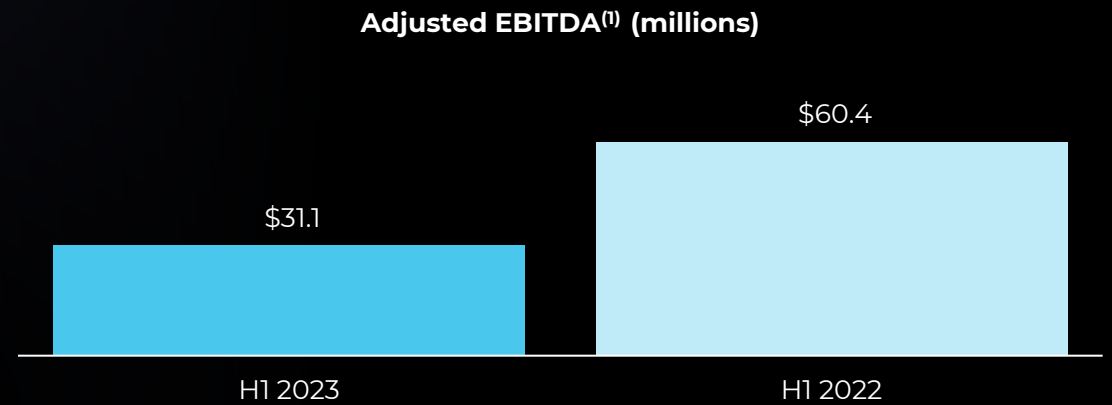
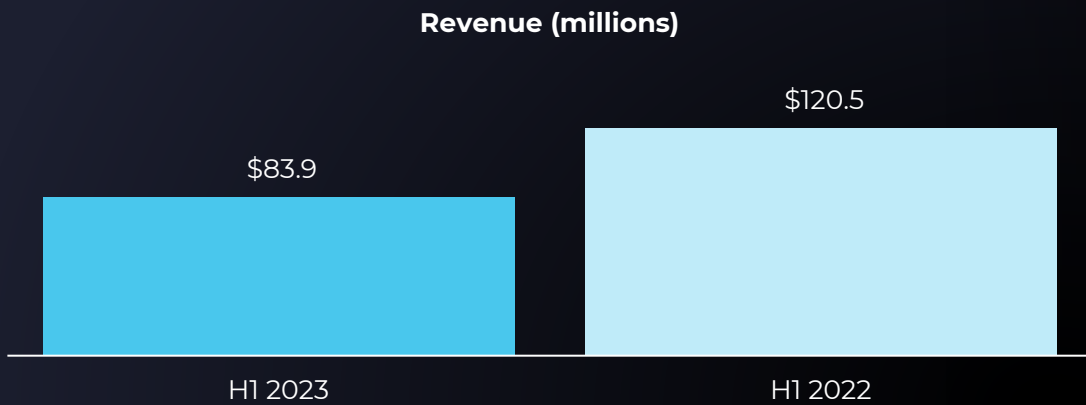
Six months ending June 30, 2023
(All currency figures in U.S. Dollars)



(1) Non-IFRS measure

H1 2023 Financial Highlights

Six months ending June 30, 2023
(All currency figures in U.S. Dollars)



(1) Non-IFRS measure

Sales Channels Q2 2023 – Karowe Mine

Sales through HB Antwerp, Clara, and Quarterly Tender

- High value Specials (+10.8 carats) are manufactured and sold as polished through the HB Antwerp supply agreement.
- Diamonds between 1 and 10 carats that meet specific criteria are sold through Clara.
- All other diamonds are sold through quarterly tenders.

Sales Channel	Q2 2023		Q2 2022	
	Rough Carats Sold	Revenue Recognized (USD millions)	Rough Carats Sold	Revenue Recognized (USD millions)
HB Antwerp	2,818	20.7	2,942	19.3
Clara ¹	2,226	3.0	3,299	7.1
Tender ²	67,673	9.8	59,926	10.5
Total – Karowe carats	72,717	33.5	66,167	36.9
Top-up Payments		5.1		13.1
Total Revenue - Karowe		38.6		50.0



(1) Five sales were completed on Clara in Q2 2023 (Q2 2022: five).

(2) Non-gem +10.8 carat diamonds and diamonds less than 10.8 carats in size which did not meet characteristics for sale on Clara were sold through tender.

2023 Annual Guidance – *No Changes in Q2*

(All currency figures in U.S. Dollars)

Karowe Diamond Mine	FY2023
Diamond revenue ¹	\$200 to \$ 230 million
Diamond sales	385,000 to 415,000 carats
Diamonds recovered	395,000 to 425,000 carats
Ore tonnes mined	1.9 to 2.3 million
Waste tonnes mined	2.2 to 2.8 million
Ore tonnes processed	2.6 to 2.9 million
Total operating cash costs ²	\$32.50 to \$35.50 per tonne processed
Botswana G&A (including sales & marketing) ²	\$3.50 to \$4.50 per tonne processed
Tax rate	0%
Average exchange rate – USD/Pula	12.0



(1) Diamond revenue guidance does not include revenue related to the sale of exceptional stones, or the Sethunya

(2) Non-IFRS measure

Recovery of 1,080 carat Type IIa diamond

The fourth diamond in excess of 1,000 carats from Karowe since 2015

Lucara announced the recovery of a 1,080.1 carat diamond on August 8, 2023.

The diamond, measuring 82.2 x 42.8 x 34.2mm is described as a **Type IIa top white gem of high quality**, recovered in the Coarse XRT unit at Karowe from direct milling of ore sourced from the M/PK(S) unit of the South Lobe.

The 1,080.1 carat diamond represents **the fourth +1,000 carat diamond recovered from the South Lobe of the AK6 kimberlite since 2015.**

Other notable recoveries include the 1,758 carat Sewelô (2019), a 1,174 carat diamond (2021), and the 1,109 carat Lesedi La Rona (2015).



Consistent Recovery of Large Diamonds

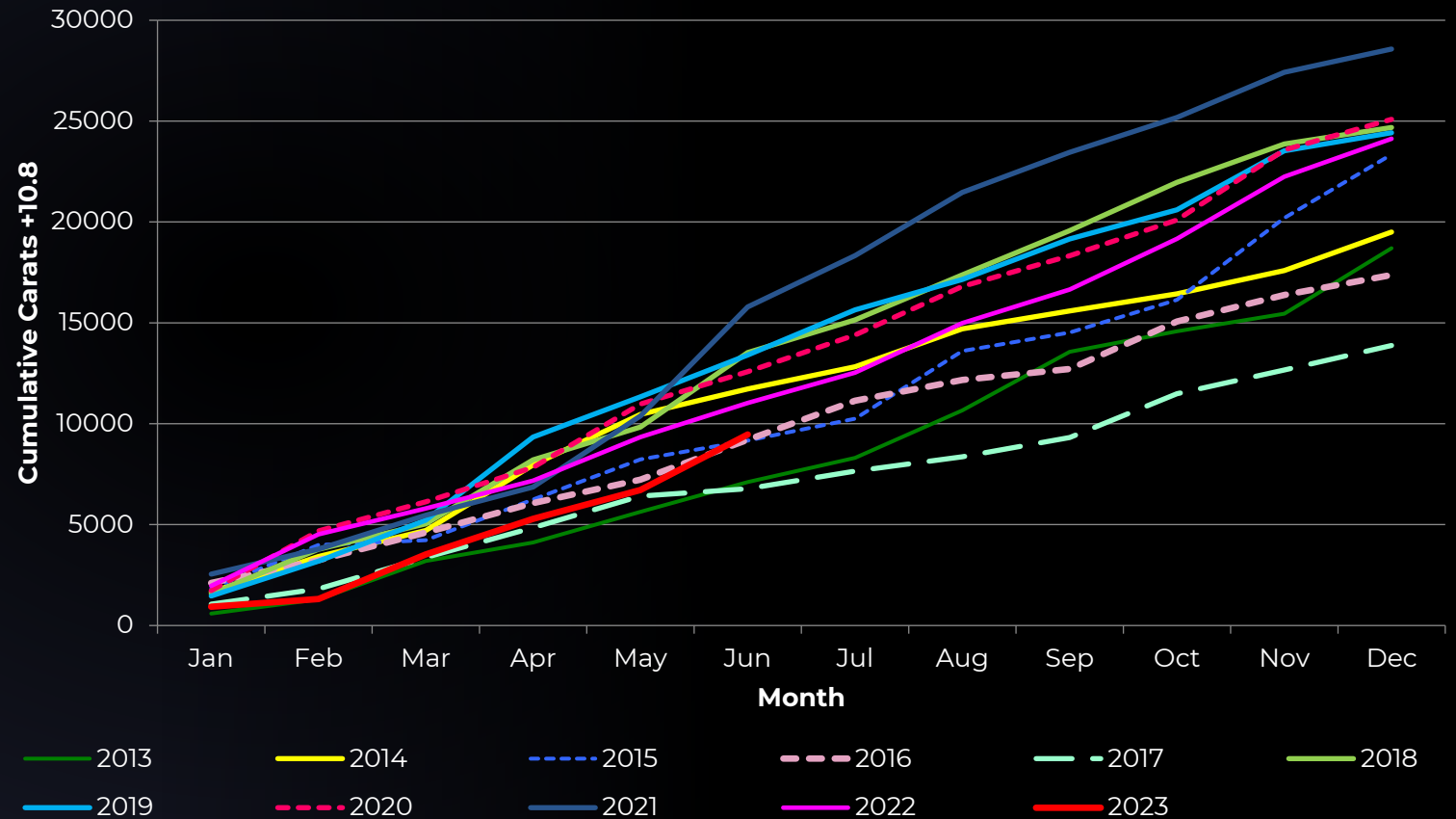
Specials contribute ~60-70% by revenue and ~5-7% by volume historically

Since 2012: 32 diamonds in excess of 300 carats have been recovered, including 4 diamonds > 1,000ct

Over 11 diamonds sold for > US\$ 10 million each (not included in resource value models)



Karowe Cumulative Specials (ct)



Q2 2023 Recovered Specials

Highlights

13 stones greater than 100cts

- ✓ 162 recovered specials
- ✓ 6.6 wt.% of production
- ✓ 88% of carats recovered coming from the South Lobe
- ✓ 12% recovered from the Centre Lobe



127.95 carats



296.16 carats



268.19 carats



133.02 carats



92.10 carats

Sales Channels – Q2 2023 Results

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



Rough



Clara



Polished



Jewellery

Increasing Margin Capture Downstream

Tenders (Auctions) of
Rough Diamonds < 10.8
carats in size

24%
of Revenue

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

13%
of Revenue

Manufacturing into
Polished Diamonds
with HB Antwerp

63%
of Revenue

Collaboration with
Brands to Create Made
to Order Jewellery



Supply Agreement with HB Antwerp

High Value +10.8 Carat “Specials” Only

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

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

Q2 2023: **\$20.7 million revenue from sales of Karowe diamonds** (excluding top-up payments of \$5.1 million); **upside potential** from polished prices continues to be realized

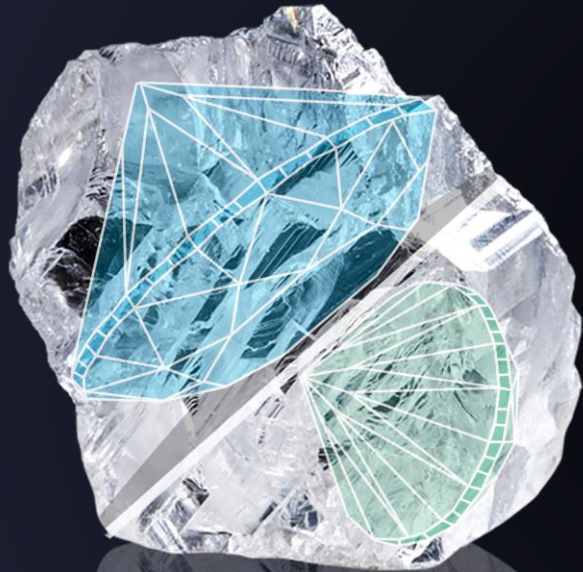
Several large high-value stones over 100 carats, **will be polished and sold in the latter half of the year**

As of June 30, 2023, Lucara has received **\$20 million in prepayments** from HB Antwerp for the Sethunya



Sethunya
549 carat

CLARA



85 sales completed

~**\$98 million** sold by value

~**53,000 carats** sold by weight

Low operating cost

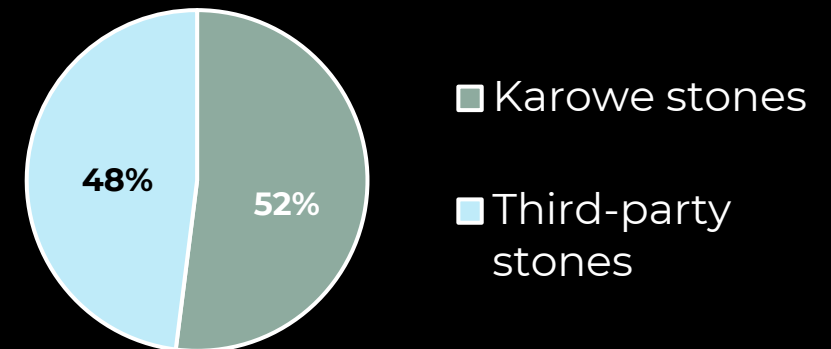
100 buyers

\$5.7 million transacted in Q2 2023

Continuing to add third-party supply; **48% of goods from third-party sources**

Growth Potential in Primary & Secondary Markets

Scalable business solution for the industry



Karowe Underground Expansion Update

Extending mine-life to at least 2040

Updated budget and schedule announced July 2023;

Forecast of costs at completion is \$683 million;
Extension to construction period, with anticipated commencement of production in H1 2028

Sufficient surface stockpiles available to maintain mill feed for the duration of the schedule increase.

The increase in estimated capital to reach project completion is predominantly related to increased **schedule duration and grouting costs**

Project remains technically and economically feasible

Grouting programs and shaft sinking advancing

The long-term outlook for diamond prices, combined with the potential for **exceptional stone recoveries** and the **continued strong performance of the open pit** could mitigate the modelled impact on project cash flows due to the schedule slippage.



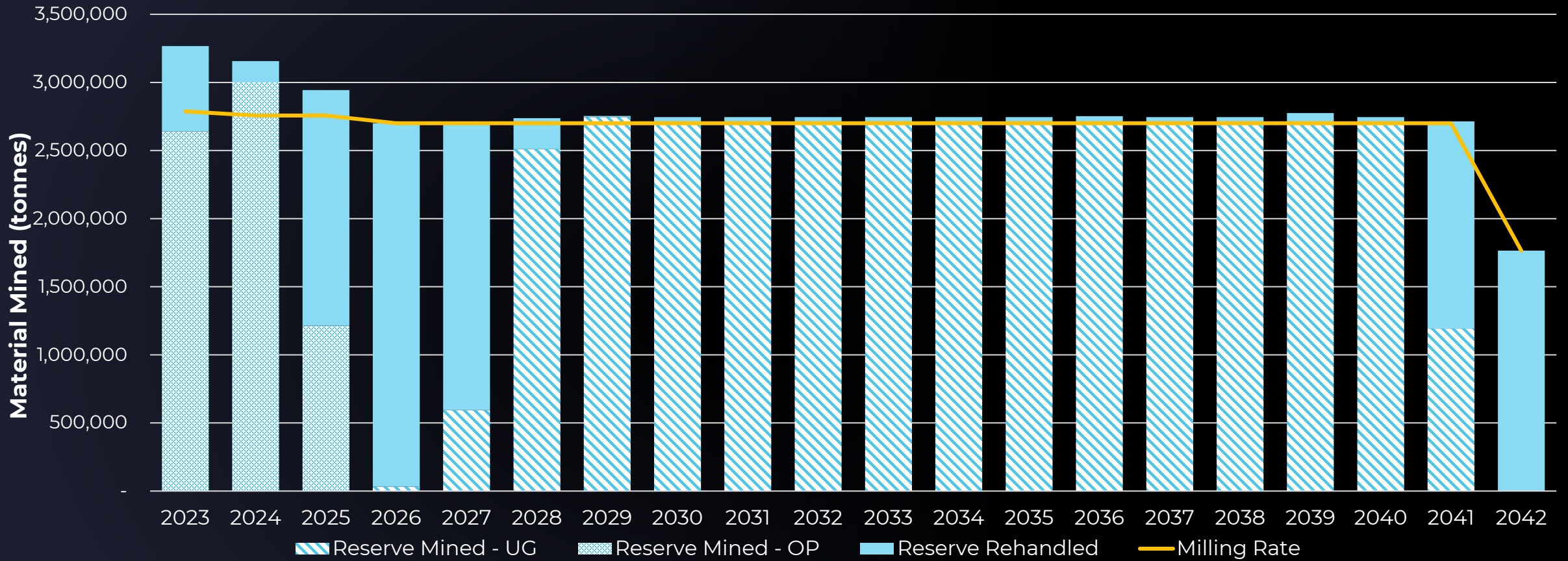
Karowe Underground Expansion

Q2 2023 Highlights

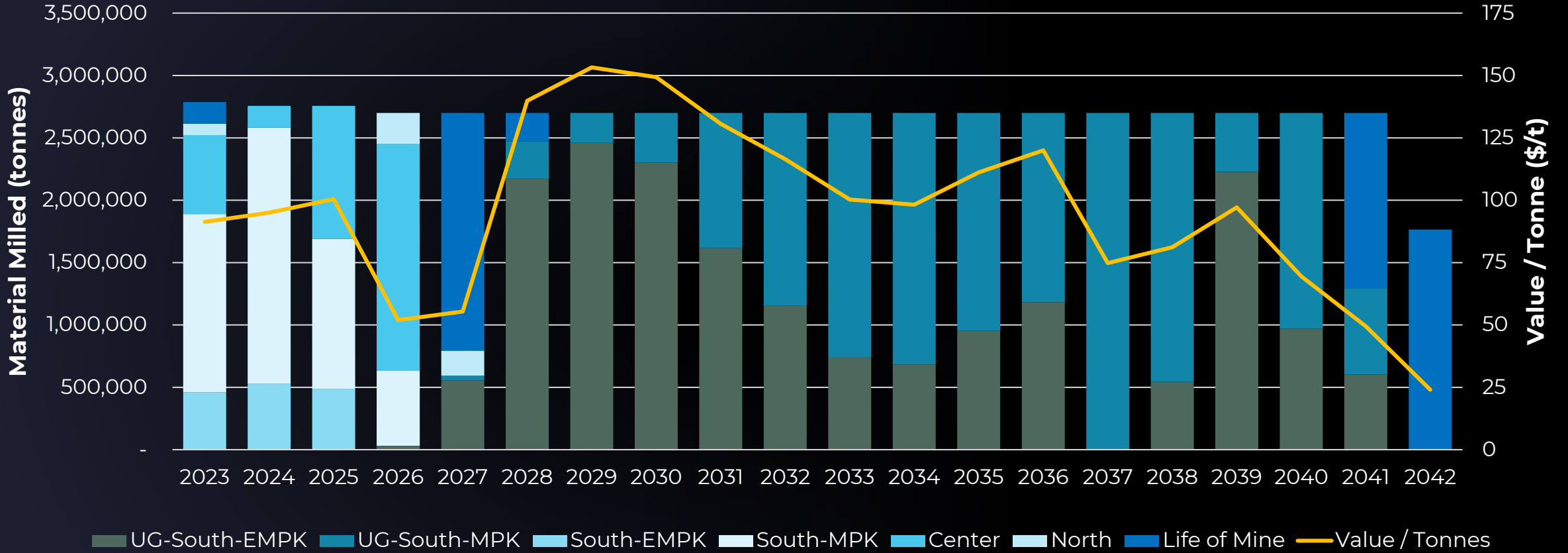
- Activities during the quarter included:
 - Grouting programs were executed in both shafts
 - In April, 30 metres of vertical advance in the ventilation shaft was completed, followed by grouting. Sinking resumed in July 2023, 8 days ahead of schedule.
 - In the production shaft, a total of 27 metres of vertical advance was achieved during Q2, with the remainder of time dedicated to grouting.
 - All components of the bulk power supply upgrade, including the Letlhakane and Karowe Substations and 132 kV power line, were handed over to Botswana Power Corporation.
 - Mobilisation for civil works related to construction of the bulk air cooler contractor commenced in late June.
 - Contract for fabrication of the permanent men and materials winder was signed during the quarter.



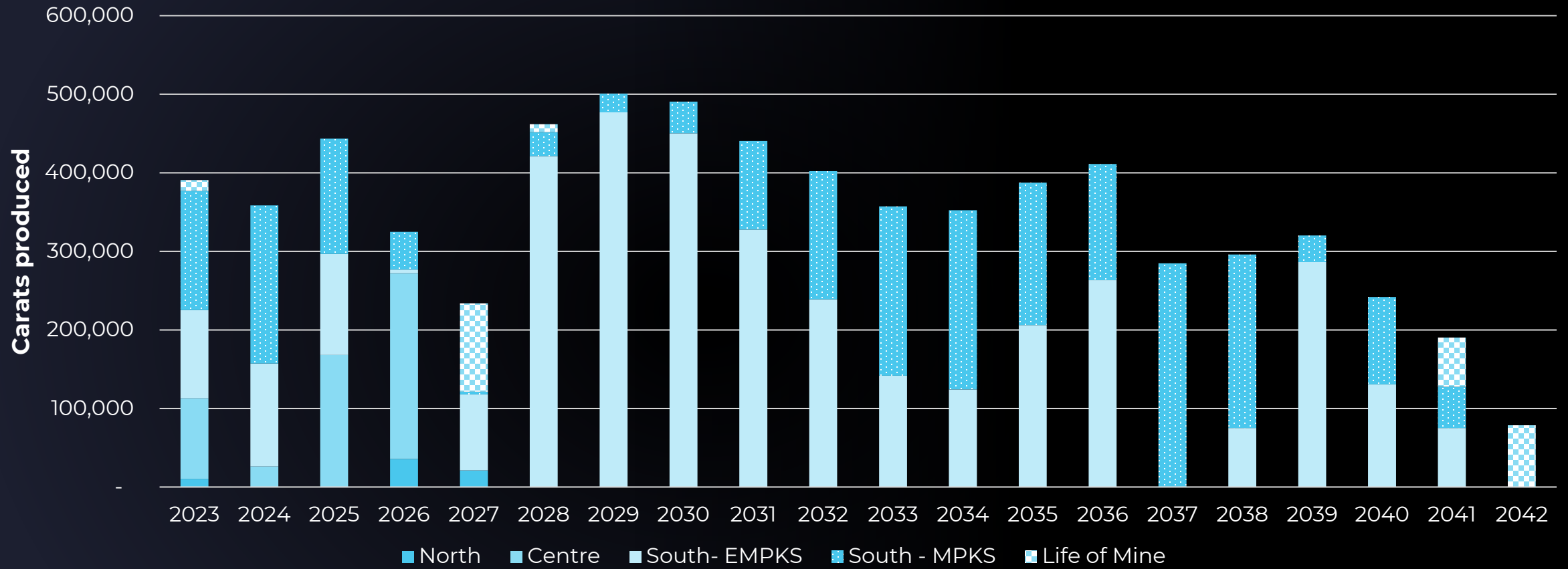
Total blended mine and mill feed from underground



Total blended mine and mill feed from underground



Expected carats produced



Updated Capital Costs

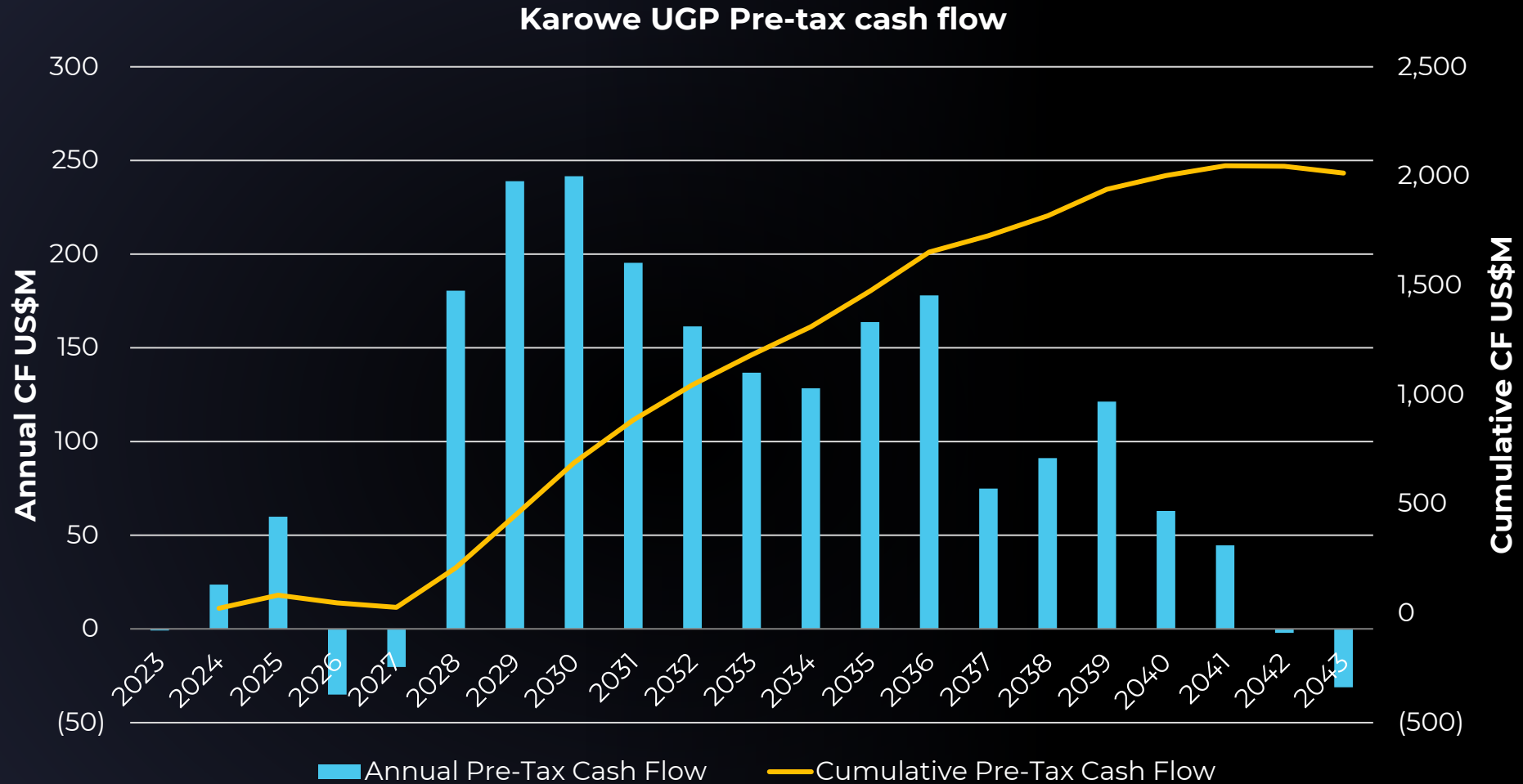
(All currency figures in U.S. Dollars, millions)

Capital Costs	Incurred	Pre-Production	Total Pre-Production	Karowe UGP Sustaining / Closure
Mining and bulk earthworks	158	253	411	48
Process Plant	-	-	-	96
Tailings (CRD and FRD)	-	-	-	43
Infrastructure, Buildings & Facilities	32	5	37	-
Project Indirect	9	16	25	-
Owner's Costs	62	103	165	34
Subtotal	261	377	638	220
Contingency	-	45	45	19
Total	261	422	683	239

*Remaining Pre-Production Costs as of June 30, 2023..

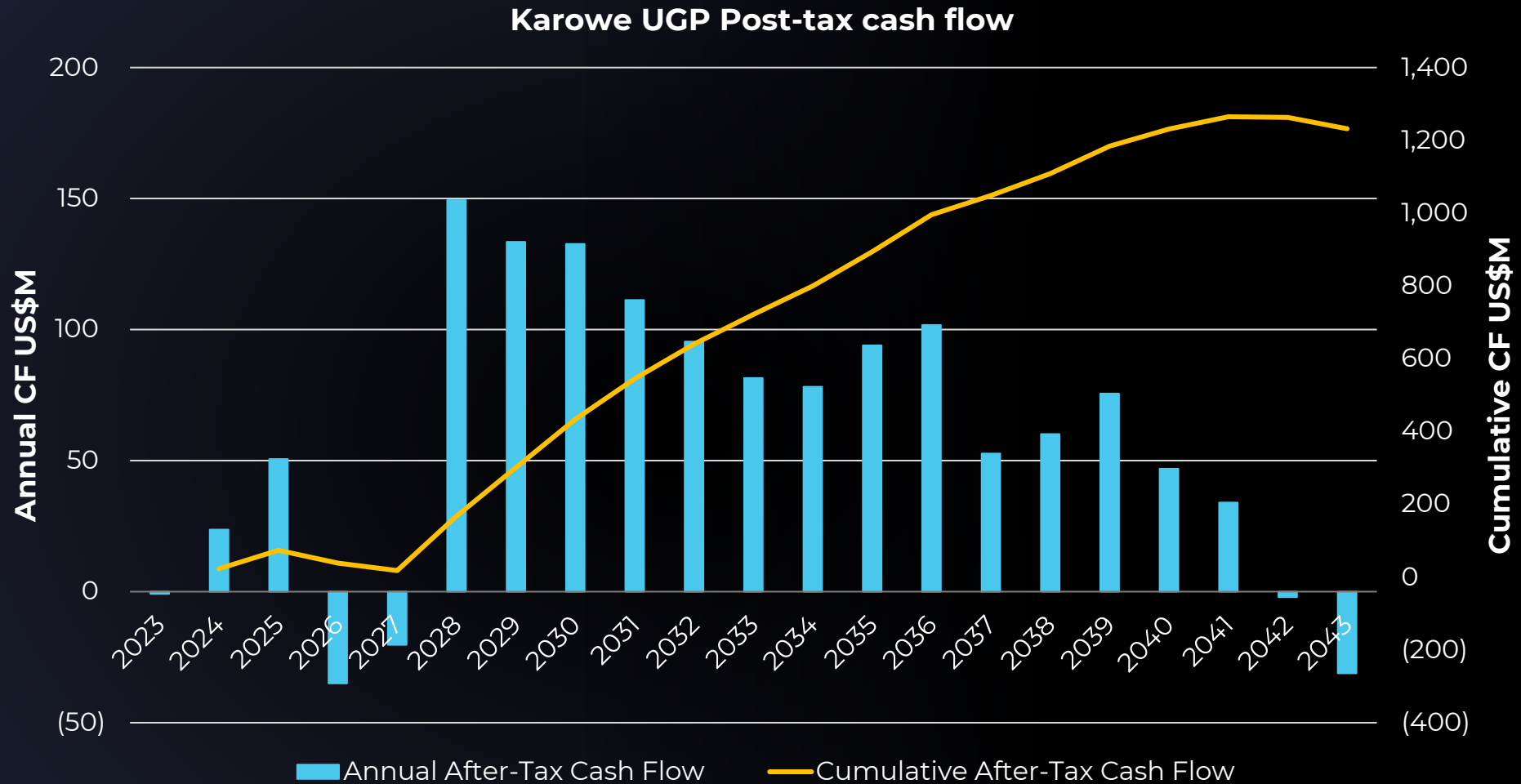
**Numbers may not add due to rounding.

Karowe Underground Expansion – Pre-tax cash flow



The pre-tax cash flow model has been updated to estimate annual cash flows and sensitivities of the Karowe Project. The results laid out in the graph above are approximations.

Karowe Underground Expansion – Post-tax cash flow



The after-tax cash flow model has been updated to estimate annual cash flows and sensitivities of the Karowe Project. The results laid out in the graph above are approximations.

LOM summary

Table outlines the LOM summary and is the basis for the economic analysis.

Parameter*	Unit	Value
Ore Processed	Mt	51.9
Mill Average Daily Production	kt/d	7.4
Mill Average Annual Production	Mt	2.7
Average Processing Grade	cpht	13.09
Diamonds Recovered	k carats	6,788
Initial Capital Cost**	US\$M	377
Sustaining Capital Cost**	US\$M	220
Life of Mine Capital**	US\$M	597



*All table elements are as of June 30, 2023.

**Excludes contingency

***Some numbers may not add due to rounding

Karowe Underground Expansion – Construction Schedule

Anticipated commencement of production in H1 2028

	2023		2024		2025		2026		2027		2028	
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
Production Shaft												
Sink												
Infrastructure												
Ventilation Shaft												
Sink												
Underground Construction												
Infrastructure												
UG Development												
Extraction Level Development												
Stoping Levels Development												
Crusher Install												
Production Stoping												
Full Production												

Approach to Sustainability

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

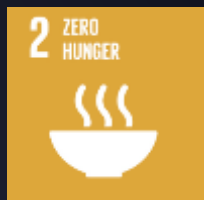
- ✓ Two and a half years without a lost time injury
- ✓ No reportable environmental matters during quarter
- ✓ Completed Phase 2 of a feasibility study to examine renewable energy options
- ✓ Global Industry Standards Tailing Management
- ✓ Towards Sustainable Mining
- ✓ Code of Business Conduct and Ethics
- ✓ Whistleblower Policy
- ✓ Responsible Mining Policy
- ✓ Corporate Social Responsibility Charter
- ✓ Certified by the Responsible Jewellery Council (RJC), compliant with the Kimberley Process, and a member of the Natural Diamond Council (NDC)
- ✓ UN GC participant and contributes to 10 of the 17 UN SDGs
- ✓ Lucara's Sustainability Report is prepared in accordance with the GRI Standards: Core option, and selected G4 Mining and Metals Sector Disclosures



SUSTAINABLE DEVELOPMENT

GOALS

17 GOALS TO TRANSFORM OUR WORLD



Community Impact



Karowe Village Initiatives

- ✓ Community-ownership and governance, with a focus on vulnerable communities
- ✓ Investment to develop and further expand the Mokubilo and Khwee co-operative farms

Community engagement

- ✓ Hardware store
- ✓ Kolonkwaneng horticultural project – handover in Q2 2023
- ✓ Bogogobo borehole project – handover in Q2 2023
- ✓ Denim Day and anti-Gender Based Violence initiatives

Lucara Investment Rationale

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

1

DIAMONDS

Diamond market fundamentals remain strong, bolstered by global supply declines

2

LUCARA

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

3

CLARA

Disrupting the historical approach to diamond sales – more sustainable, more transparent

LUC: TSX – AUGUST 9, 2023

Share Price	CA \$0.40
Market Cap (millions)	CA \$181.8
Shares Outstanding ¹	454,578,873
Cash Position (June 30, 2023) (million)	US \$26.7

(1) Fully diluted as of July 31, 2023, was 472,711,896 common shares



LUCARA
DIAMOND

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