



## CODE OF BUSINESS CONDUCT AND ETHICS

### 1. INTRODUCTION

This Code of Business Conduct and Ethics (“Code”) covers a range of business practices and procedures. This Code cannot and does not cover every issue that may arise or every situation in which ethical decisions must be made, but rather sets out key guiding principles of conduct and ethics that Lucara Diamond Corp. (“Lucara”) and its subsidiaries (collectively, the “Company”) expects of its employees, directors and officers (including, without limitation, the Chief Executive Officer and the Chief Financial Officer). A reference to “Lucara Botswana employees” in this Code includes all employees of Lucara’s operating subsidiary in Botswana, Lucara Botswana (Pty) Limited (“Lucara Botswana”). A separate code of business conduct and ethics customized for certain procedures applicable to Lucara Botswana employees and incorporating the same high standards of this Code shall be provided to all Lucara Botswana employees (the “Lucara Botswana Code”). A reference to “Employees” in this Code includes all employees, contractors, directors and officers of Lucara and any subsidiaries except Lucara Botswana.

This Code is designed to deter wrongdoing and to promote responsible business practices including:

- Honest and ethical conduct;
- Respect for human rights and providing a workplace free from harassment;
- Avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- Maintenance of confidentiality of Company information and protection of Company assets and resources;
- Full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, regulatory authorities and in other public communications made by the Company;
- Compliance with all applicable governmental laws, rules and regulations including but not limited to insider trading laws, competition laws and anti-bribery laws;
- The prompt internal reporting to an appropriate person or persons of violations of this Code;
- Accountability for adherence to this Code.

The Company will expect all of its Employees to comply and act in accordance, at all times, with the principles stated above and the more detailed provisions provided hereinafter. Violations of this Code by an Employee are grounds for disciplinary action up to and including immediate termination of employment, officership or directorship.

It is not possible to enumerate all of the situations that could result in an actual or apparent violation of this Code. The following areas are, however, of particular concern to the Company with respect to the ethical conduct of the Company’s business.

### 2. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

The Company is strongly committed to conducting its business affairs with honesty and integrity and in full compliance with all laws, rules and regulations applicable to the Company’s business in the countries



in which it operates including applicable anti-bribery laws and insider trading laws. Each Employee must at all times respect and obey such laws, rules and regulations and should avoid any situation that could be perceived as improper, unethical or indicate a casual attitude towards compliance with such laws, rules and regulations. Although not all Employees are expected to know the details of these laws, it is important to know enough to determine when to seek advice from appropriate personnel. The Company provides all necessary information to its Employees to promote compliance with laws, rules and regulations, including insider-trading laws.

## **2. TRANSACTING INTERNATIONAL BUSINESS**

The Corruption of Foreign Public Officials Act (Canada) and similar regulations in other jurisdictions in which the Company operates makes it an offence to make or offer a payment, gift or benefit to a foreign government official in order to induce favourable business treatment, such as obtaining or retaining business or some other advantage in the course of business. This principle applies to the Company's operations in all countries, even where such practices may be considered to be a way of "doing business" or necessary in a particular country in question. Furthermore, this legislation applies to dealings with foreign public officials in Canada and in the official's own state. The Company provides further guidance on this principle and compliance with this legislation through its anti-bribery training program.

## **3. HUMAN RIGHTS AND HARASSMENT FREE WORKING ENVIRONMENT**

The Company respects each individual's human rights and shall seek to foster respect and equality for all. Individuals shall not be discriminated against on the basis of factors unrelated to their ability to perform their job. Unlawful discrimination on the basis of race, color, religion, creed, sex (including pregnancy or childbirth), age, marital status, family origin, physical or mental disability or sexual orientation will not be tolerated. Corporal punishment, harsh or degrading treatment, sexual or physical harassment, mental, physical or verbal abuse, coercion or intimidation, or threats of these is prohibited. The Company will comply with all applicable labour laws including laws prohibiting the use of forced labour and child labour.

## **4. INSIDER TRADING**

Employees and outside consultants who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about the Company or its partners should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also illegal. Please see the Company's Disclosure Policy for further details on restrictions on trading in the Company's stock and the use of non-public information. If you have any questions on these restrictions, please consult the Chair of the Company's Audit Committee.

## **5. EMPLOYEE HEDGING PROHIBITION**

Employees 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 the Company's shares held, directly or indirectly, by such Employee.

## **6. CONFLICTS OF INTEREST**

A "conflict of interest" occurs when an individual's private interest interferes - or appears to interfere - with the interests of the Company as a whole. A conflict situation can arise when an Employee takes actions or has interests that may make it difficult to perform his or her work objectively and effectively or



deprives the Company of the time or attention required to perform his or her duties. Conflicts of interest also arise when an Employee or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company including but not limited to the receipt of loans or the guarantee of obligations. Employees shall perform the responsibilities of their positions on the basis of what is in the best interests of the Company and free from the influence of personal considerations and relationships.

Employees shall take actions to avoid all conflicts of interests but in some instances a conflict of interest **may** be deemed acceptable by the Company **if** it is declared and the Employee takes all steps directed by the Company with regard to the declared conflict of interest. If an Employee believes that he or she may be in a potential conflict of interest situation that cannot be avoided, the Employee shall immediately declare the situation to a manager or if the Employee is an officer or director, the Employee shall declare the conflict directly to the Chair of the Company's Audit Committee. Lucara Botswana employees shall follow the procedures for reporting conflicts of interest as set out in the Lucara Botswana Code.

## **7. CORPORATE OPPORTUNITIES**

Employees are prohibited from (a) taking for themselves personally, or for a family relation, opportunities that are discovered through the use of Company property, information or position; (b) using Company property, information, or position for personal gain; (c) favouring certain customers, supplier or service providers for personal reasons; and (d) competing with the Company. Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

## **8. CONFIDENTIALITY AND PRIVACY**

Employees must maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information concerning the finances, representatives, technology processes, facilities, suppliers and customers of the Company and any other information that, or might, be harmful to the Company or its business, if disclosed.

The Company will protect the privacy of its Employees' personal information. Employees must exercise care and discretion with the personal information of other Employees in their possession. They must never discuss or disclose such information to anyone outside the Company unless permitted or required to disclose by law or are authorized to disclose by the Employee.

Emails sent using an Employee's work account are considered to be property of the Company. The Company may monitor the emails of an Employee providing all applicable laws are complied with.

## **9. FAIR DEALING**

The Company firmly believes that fair competition is fundamental to the continuation of the free enterprise system. The Company complies with and supports laws which prohibit restraints of trade, unfair practices, or abuse of economic power.

The Company will not enter into arrangements that unlawfully restrict its ability to compete with other businesses, or the ability of any other business organization to compete freely with the Company. The Company's policy also prohibits Employees from entering into or discussing any unlawful arrangement or understanding that may result in unfair business practices or anticompetitive behavior.



## **10. PROTECTION AND PROPER USE OF CORPORATE ASSETS AND RESOURCES**

All Employees should endeavour to protect the Company's assets and resources and ensure their efficient use. Theft, carelessness and waste have a direct, negative impact on the Company's image and profitability. All of the Company's assets and resources should only be used for legitimate business purposes.

The obligation of Employees to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as business, marketing and corporate development information, plans, engineering and all technical information, databases, records, salary information and any unpublished financial or technical data and reports. Unauthorized use or distribution of this information would violate this Code. It could also be illegal and result in civil or even criminal penalties.

## **10. FINANCIAL REPORTING AND RECORDS**

The Company maintains a high standard of accuracy and completeness in its financial records. These records serve as a basis for managing our business and are crucial for meeting obligations to Employees, customers, investors and others, as well as for compliance with regulatory, tax, financial reporting and other legal requirements. Employees, officers, and directors who make entries into business records or who issue regulatory or financial reports, have a responsibility to fairly present all information in a truthful, accurate and timely manner. No Employee shall exert any influence over, coerce, mislead or in any way manipulate or attempt to manipulate the independent auditors of the Company.

The Company maintains all records in accordance with laws and regulations regarding retention of business records. The term "business records" covers a broad range of files, reports, business plans, receipts, policies and communications, including hard copy, electronic, audio recording, microfiche and microfilm files whether maintained at work or at home. The Company prohibits the unauthorized destruction of or tampering with any records, whether written or in electronic form, where the Company is required by law or government regulation to maintain such records or where it has reason to know of a threatened or pending government investigation or litigation relating to such records.

## **11. WHISTLEBLOWER POLICY**

The Company aims to provide a working environment that enables anyone, including Employees, to voice genuine concerns in relation to: a breach of legal regulations, breaches of this Code, financial malpractice or impropriety or fraud, failure to comply with a legal obligation or legislation, dangers to health and safety or the environment, criminal activity, or attempts to conceal any of these. The Company's Whistleblower Policy protects potential whistleblowers from retaliation for reporting in good faith any concerns with respect to the above matters and outlines the procedure to follow if such a report were to be made.

## **12. COMMUNICATION AND COMPLIANCE OF THIS CODE**

To ensure this policy is communicated and complied with, a copy of the Code shall be provided to all Employees. A copy of the Lucara Botswana Code shall be provided to all Lucara Botswana employees and shall be posted at the Karowe mine site in Setswana and in English.

On initial sign-on of all new Employees, such Employees will be required to acknowledge in writing that they have received, reviewed the policy and that they acknowledge its importance. A revised version of



this policy will be distributed to all Employees whenever changes are made. This policy must be strictly complied with.

It is the responsibility of all Employees to understand and comply with this Code.

## **12. CONTRACTORS TO COMPLY WITH CODE**

The Company expects its contractors to comply with the principles of this Code. Contractors must conduct their business affairs with honesty and integrity and with a respect for the fundamental human rights and dignity of individuals. Contractors must operate in full compliance with all laws, rules and regulations applicable to the countries in which they operate including anti-bribery laws, insider trading laws, competition laws and prohibition of forced labour and child labour laws.

## **13. RESPONSIBILITY FOR THIS CODE AND REPORTING UNDER THIS CODE**

The Board of Directors is ultimately responsible, acting through the Audit Committee, for this Code and monitoring compliance with this Code. Any waivers of the provisions of this Code may be granted only by the Board of Directors, if such waiver is for the benefit of a director or senior officer of the Company and such waiver shall be disclosed as may be required under applicable securities laws. Waiver for all other Employees shall be granted exclusively by the Chief Executive Officer or any other senior officer as may be designated by the Audit Committee.

If you observe or become aware of an actual or potential violation of this Code or of any law or regulation, whether committed by the Company Employees or by others associated with the Company, it is your responsibility to report the circumstances as outlined herein and to cooperate with any investigation by the Company. This Code is designed to provide an atmosphere of open communication for compliance issues and to ensure that Employees acting in good faith have the means to report actual or potential violations.

All officers and all managers, including those at the Company's subsidiaries, shall maintain an "open door" policy regarding questions of business conduct as regards this Code and its applicability. Employees shall be encouraged to ask such questions in respect of any particular situation no matter how small or insignificant it may seem to be. Each Employee is encouraged to be alert to any work related activities which could be construed as a violation of the Code. They should: (i) bring the matter to the attention of his/her immediate supervisor, or an officer of the Company, as appropriate or proceed internally on a confidential and/or anonymous basis as explained below; and (ii) take corrective action, if possible, to remediate the situation and/or prevent recurrence of the violation.

If any Employee is uncertain whether an activity in which he is engaged or an activity he is witnessing could be construed as a violation of the Code, he must discuss the matter with his immediate supervisor, or an officer of the Company, as appropriate. If it is determined that there is a violation, the Employee, supervisor or officer, as applicable, shall advise the Chair of the Audit Committee in writing.

To report a matter in a confidential or anonymous basis, an Employee may:

- in confidence, send an email to the Chair of the Audit Committee at [ethicscomplaint@lucaradiamond.com](mailto:ethicscomplaint@lucaradiamond.com); or



- anonymously, post the complaint or concern to the Attention of the Chair of the Audit Committee, Lucara Diamond Corp., Suite 2000, 885 West Georgia Street, Vancouver, BC V6C 3E8.

Following the receipt of any reports submitted hereunder, the Chair of the Audit Committee will investigate each matter so reported and report to the Board which will take corrective disciplinary actions, if appropriate, up to and including termination of employment.

There will be no reprisals against Employees, officers and directors for good faith reporting of compliance concerns or violations.

Reports received by the Chair of the Audit Committee will be retained for a period of seven years.