

## **AUDIT COMMITTEE CHARTER**

### **1. Purpose of the Audit Committee**

- 1.1 The Audit Committee represents the board of directors (the “Board”) of Lucara Diamond Corp. (“Lucara” or “the Company”) in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries.

### **2. Members of the Audit Committee**

- 2.1 The Board shall annually appoint the members of the Audit Committee from among its members at the first meeting of the Board following the annual meeting of the shareholders. The Audit Committee shall be composed of three (3) directors or such other number not less than three (3), as the Board may from time to time determine.
- 2.2 Any member of the Audit Committee may be removed or replaced at any time by the Board. Any member of the Audit Committee ceasing to be a director or ceasing to qualify under subsection 2.3 shall cease to be a member of the Audit Committee. Subject to the foregoing, each member of the Audit Committee shall hold office as such until the next annual appointment of members to the Audit Committee after his or her election. Any vacancy occurring in the Audit Committee shall be filled at the next meeting of the Board.
- 2.3 Each member of the Audit Committee shall:
- (a) be a member of the Board;
  - (b) not be an officer or employee of the Company or any of its affiliates;
  - (c) satisfy the independence requirement applicable to members of audit committees under National Instrument 52-110 – *Audit Committees* (“NI 52-110”) and any other applicable laws and regulations; and
  - (d) satisfy the financial literacy requirements prescribed by NI 52-110 by having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

- 2.4 The Audit Committee shall elect annually a chairperson from among its members.

### **3. Meeting Requirements**

- 3.1 The Audit Committee will meet at least quarterly and will hold special meetings as it deems necessary or appropriate in its judgement. Meetings may be held in person or via teleconference and shall be at such times and places as the Audit Committee determines. Without a meeting, the Audit Committee may act by unanimous written consent of all members.
- 3.2 Notice of every such meeting to be given to Audit Committee members in writing not less than five (5) days prior to the date fixed for the meeting and shall be also given to the auditors of the Company. A

member may waive notice of a meeting and attendance at a meeting is a deemed waiver of notice of the meeting. Meetings shall be convened whenever requested by the auditors or any member of the Audit Committee.

- 3.3 As part of each meeting of the Audit Committee at which it recommends that the Board approve the financial statements of the Company, and at such other times as the Audit Committee deems appropriate, the Audit Committee shall meet separately with the auditor to discuss and review specific issues as appropriate. Any member of the Audit Committee may require the external auditor to attend any or every meeting of the Audit Committee.
- 3.4 A majority of the members of the Audit Committee shall constitute a quorum.

#### **4. Duties and Responsibilities**

The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) be responsible for making recommendations with regard to the appointment, compensation, retention or discharge of the independent public accountants as auditors of the Company (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;
- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;
- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
- (d) review and discuss with management and the auditors the Company's audited financial statements and accompanying Management's Discussion and Analysis ("MD&A"), including a discussion with the auditors of their judgements as to the quality of the Company's accounting principles and report on them to the Board;
- (e) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;
- (f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board as to the auditor's compensation and nomination;
- (h) satisfy itself that there is generally a good working relationship between management and the external auditor;
- (i) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;
- (j) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;

- (k) oversee and annually review the Company's Code of Business Conduct and Ethics;
- (l) approve material contracts where the Board of Directors determines that it has a conflict;
- (m) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters, including confidential submissions by employees;
- (n) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the current and former external auditor of the Company;
- (o) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;
- (p) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (q) review and monitor all related party transactions which may be entered into by the Company;
- (r) review and discuss with management the Company's Annual Information Form, including all financial information contained therein or incorporated by reference, as well as the Company's risk disclosure, including material climate-change related risks, and report on it to the Board;
- (s) review and discuss with management its assessment of current and future financial impacts arising from material climate change-related risks on the Company's assets, liabilities, revenues and expenses over the short, medium and long-term and review forward-looking information reported;
- (t) review with management the Company's privacy and cyber security risk exposure and the policies, procedures, and mitigation plans in place to protect the security and integrity of the Company's information systems and data at least annually;
- (u) review with management the Company's policies and practices respecting insurance at least annually;
- (v) monitor and assess the Company's voluntary disclosure to ensure that all material information which requires disclosure is also included in the Company's regulatory filings;
- (w) review the Company's annual and interim press releases relating to financial results and any earnings guidance provided by the Company before this information is disclosed publicly; and
- (x) review annually the adequacy of its charter and recommend any changes thereto to the Board.

## **5. Miscellaneous**

- 5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Audit Committee.
- 5.2 The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Audit Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.
- 5.3 The members of the Audit Committee shall have the right, for the purpose of performing their duties, to inspect all the books and records of the Company and its affiliates and to discuss those accounts and records and any matters relating to the financial position of the Company with the officers and the external auditor of the Company and its affiliates.



**LUCARA**  
DIAMOND

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