



**LUCARA**  
DIAMOND

# **Pareto Securities Metals & Mining Seminar**

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May 28, 2019

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[LucaraDiamond.com](http://LucaraDiamond.com) | [LUC.TO](http://LUC.TO)

# CAUTIONARY STATEMENT

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## Forward-looking information

This investor presentation contains forward-looking statements and information as defined in applicable securities laws including: the estimates of the Company's mineral reserve and resources; estimates of the Company's production volumes; forecasted sales volumes and pricing; projected revenues of the Company; exploration and development plans and objectives including a new resource statement; estimated production costs, exploration and development expenditures; estimates of ore to be mined by the Company and corresponding operating and sustaining costs; and the cost, timing and results of the commercialization of Clara. 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 achieved. Forward-looking statements are based on the assumptions, 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 and uncertainties 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. In particular, such risks include 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), 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, unanticipated events relating to health safety and environmental matters, delays or failure to successfully commercialize Clara's platform, acceptance of Clara's platform by the diamond industry, risks relating to the technology underlying Clara's platform and other risks inherent in the implementation of new technologies, and other risks and

uncertainties describe under Risks and Uncertainties disclosed under the heading "Risk Factors" in the Company's most recent Annual Information Form available at <http://www.sedar.com>.

Forward-looking statements and information 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. Readers are cautioned not to place undue reliance on forward-looking statements and information. This presentation does not constitute an offer or invitation to purchase or subscribe for any securities and no part of it shall form the basis of or be relied upon in connection with any investment decision in relation thereto.

## Technical information

The technical information in this document for the AK6 diamond project (Karowe Mine) in Botswana is based on the following technical reports, respectively: NI 43-101 Technical Report on the Feasibility Study for the AK6 Kimberlite Project, Botswana Prepared by MSA Geoservices (Pty) Ltd on behalf of Lucara Diamond Corp., dated December 31, 2010; Updated NI 43-101 report released on February 4, 2014, based on update Mineral Resource Estimate released by Lucara Diamond Corp., dated December 19, 2013; NI 41-101 Technical Report on the Preliminary Economic Assessment of the Karowe Diamond Mine Underground Project, Botswana Prepared by Royal Haskoning DHV on behalf of Lucara Diamond Corp., dated November 27, 2017; NI 43-101 Technical Report for the Karowe Mine: Updated Mineral Resource Update prepared by Mineral Services on behalf of Lucara Diamond Corp., dated August 9, 2018.

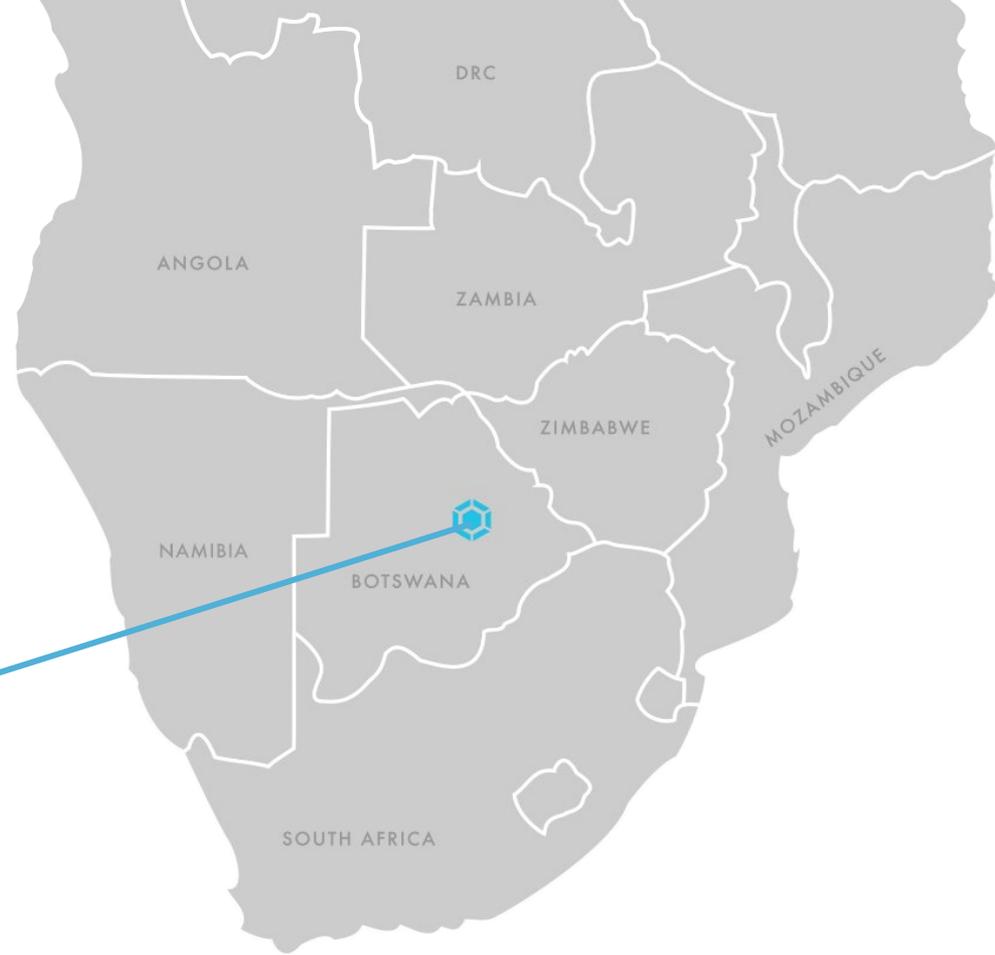
The authors of these technical reports are independent of the Company and are qualified persons for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). The technical reports are available for review on SEDAR at [www.sedar.com](http://www.sedar.com).

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

# KAROWE DIAMOND MINE



KAROWE DIAMOND MINE



**Large, High Value  
Diamonds**  
7.9 million carats  
at \$673/ct (Indicated)

**Open Pit Reserves to 2026**  
Potential underground expansion  
to at least 2036

**Innovative Design**  
First diamond mine to use state of the  
art XRT technology for primary diamond  
recovery

## HISTORIC DIAMOND RECOVERIES

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

Lesedi La Rona

1109 carat

Second largest gem diamond ever recovered in the world



Constellation

813 carat

Sold for a record \$63.1 M USD



## RECORD DIAMOND RECOVERY 1,758 CARATS

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One of the largest diamonds in the world and the largest for Botswana

Only mine in recorded history to recover two diamonds greater than 1,000 carats

There are significant domains within the stone that appear as clean, white material

Appears to have a 'kernel' stone with windows through the diamond, (approx. 350-400ct)



*Unbroken 1,758 carat near gem quality diamond;  
largest diamond from Karowe to date*

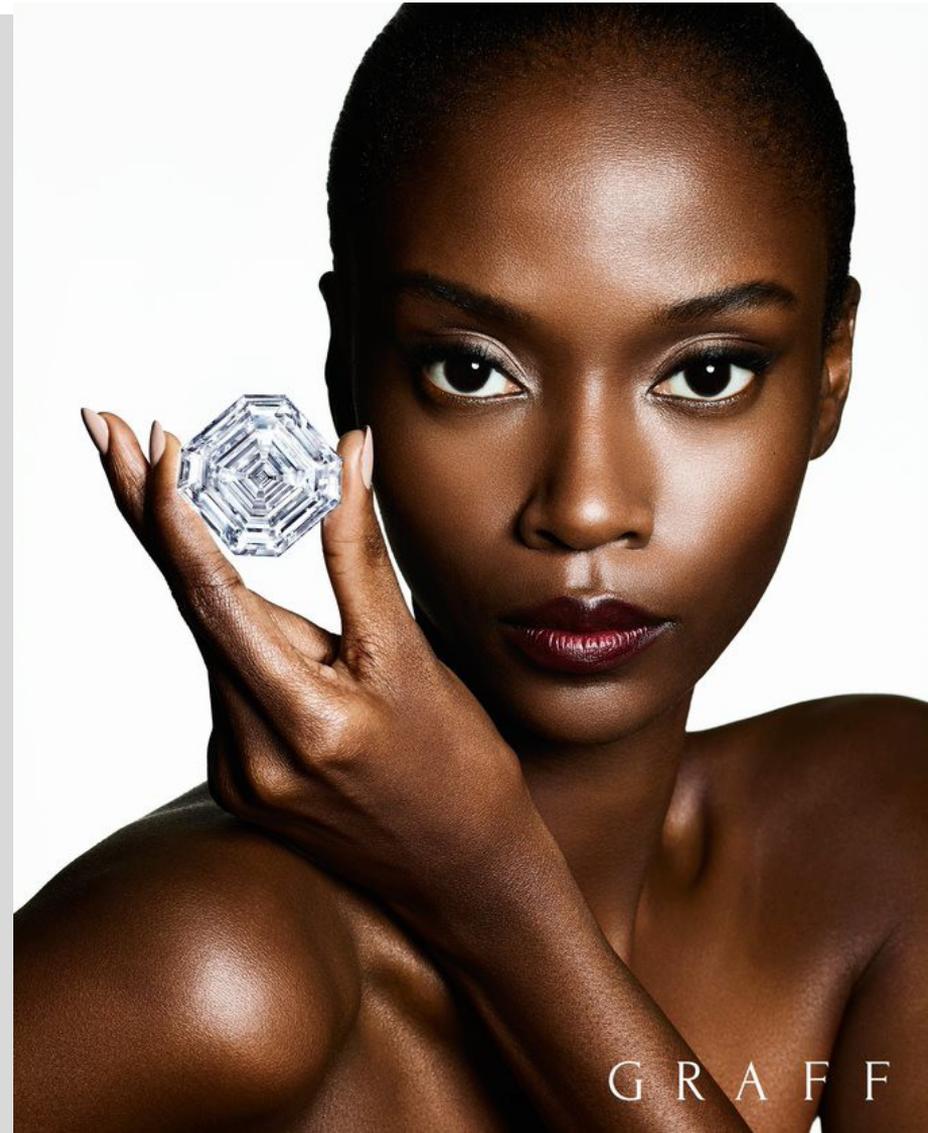
# LESEDI LA RONA

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The 1,109 Carat Lesedi La Rona was recovered from Karowe in 2015 and purchased by Graff in 2017 for US\$53 million

The resulting **302.37** carat Graff Lesedi La Rona is the largest highest colour, highest clarity diamond ever certified by the GIA, and the world's largest square emerald cut diamond

66 satellite diamonds ranging from <1 carat to >26 carats



# Q1 2019 HIGHLIGHTS

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

## 100% Owned Karowe Diamond Mine, Botswana

Continued strong safety and operational performance in Q1 2019

Record 0.76 million tonnes quarterly ore processed

1,758 carat near gem quality diamond recovered in April, largest in Karowe's history

\$48.7 million quarterly revenue; including 7 diamonds selling for >\$1 million

241 carat sold for \$8.1 million

## 100% Owned Clara Diamond Solutions

Three sales successfully completed; achieved average of 8% over traditional tender prices

Ramp up continues; focus on increasing demand and onboarding of manufacturers

## Dividend & Strong Balance Sheet

CDN \$0.025 per share declared in Q1 2019 paid on April 11, 2019

US\$256 million paid since 2014

Cash and cash equivalents of US\$17.9 million and no debt



# SAFETY, HEALTH, ENVIRONMENT & COMMUNITY RELATIONS

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**6.2 million man hours worked without lost time incident (LTI);  
677 LTI free days**

**All injury frequency rate (AIFR) of zero for the quarter**

**Strong environmental performance and compliance; 2018 Sustainability report in Q2**

## **Mokubilo Farm Initiative**

Community focused initiative to generate, broad based sustainable income

Phase 1: butternut, tomatoes, peppers and eggs



# SUSTAINABILITY



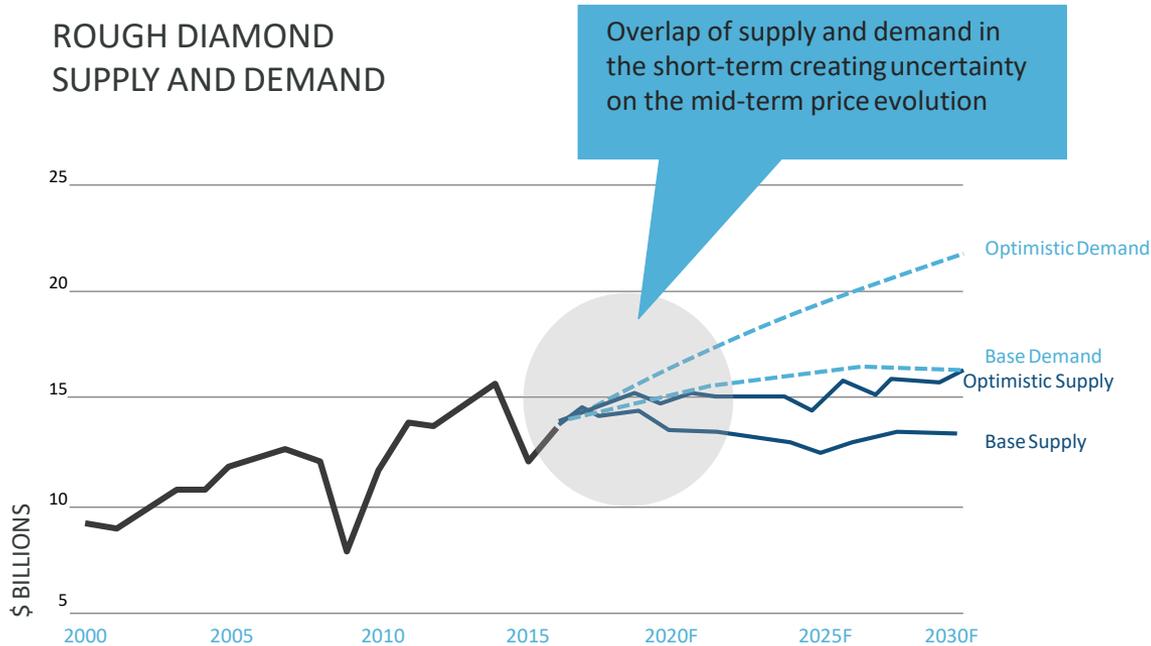
Lucara's Sustainability Report is prepared in accordance with the GRI Standards: Core option, and selected G4 Mining and Metals Sector Disclosures

In 2018, Lucara became a UN GC participant and contributes to 10 of the 17 UN SDGs

# DIAMOND MARKET

Stable dynamics, but weaker prices observed in small goods (half a carat or less). Demand led by USA, followed by China; supply and demand fundamentals expected to widen post 2020 as large mines deplete  
 Synthetics ~ 5% of market, mostly in smaller goods, no threat to natural

## ROUGH DIAMOND SUPPLY AND DEMAND



Millennials will be the highest-spending generation from 2020 and the leaders in luxury spending, especially in China



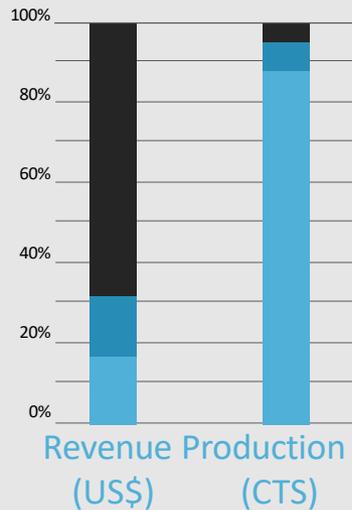
2000-2030: 2019 prices, constant exchange rates, optimistic and base scenarios

Note: Rough-diamond demand has been converted from polished-diamond demand using a historical ratio of rough to polished diamond values

Source: Bain & Company - Global Diamond Report 2018

## REVENUE AND PRODUCTION

Includes 2015 to 2018



■ <2ct ■ +2ct ■ +10.8

## SPECIALS (+10.8 CARAT) DRIVE VALUE

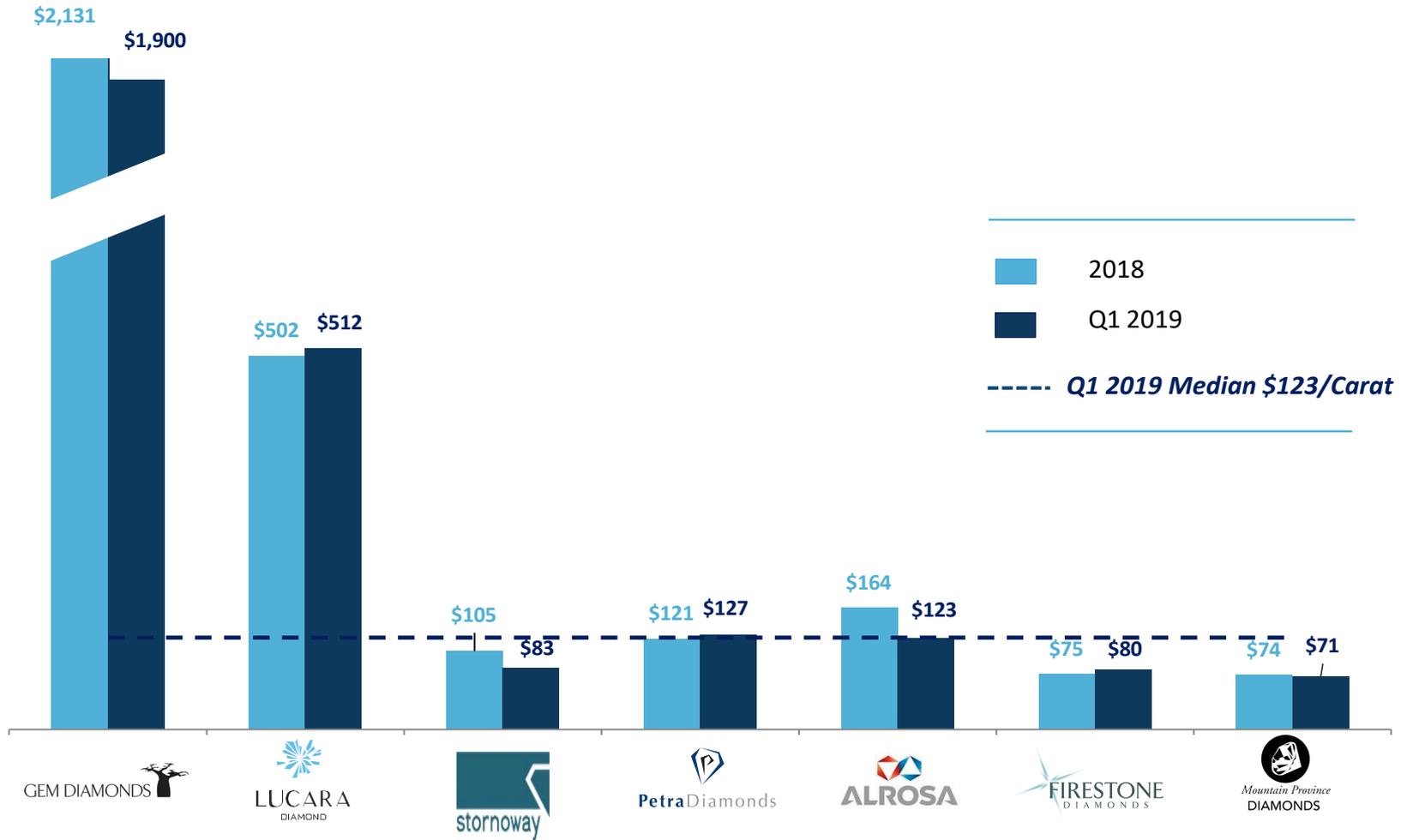
Specials contribute ~70% by revenue  
and ~5% by volume

- Specials consistently high value and gem quality
- Since 2012 a total of 181 diamonds in excess of 100 carats have been recovered; 13 diamonds in excess of 300 carats have been recovered
- 187 diamonds sold for >\$1 million each and 10 single diamonds have sold for >\$10 million



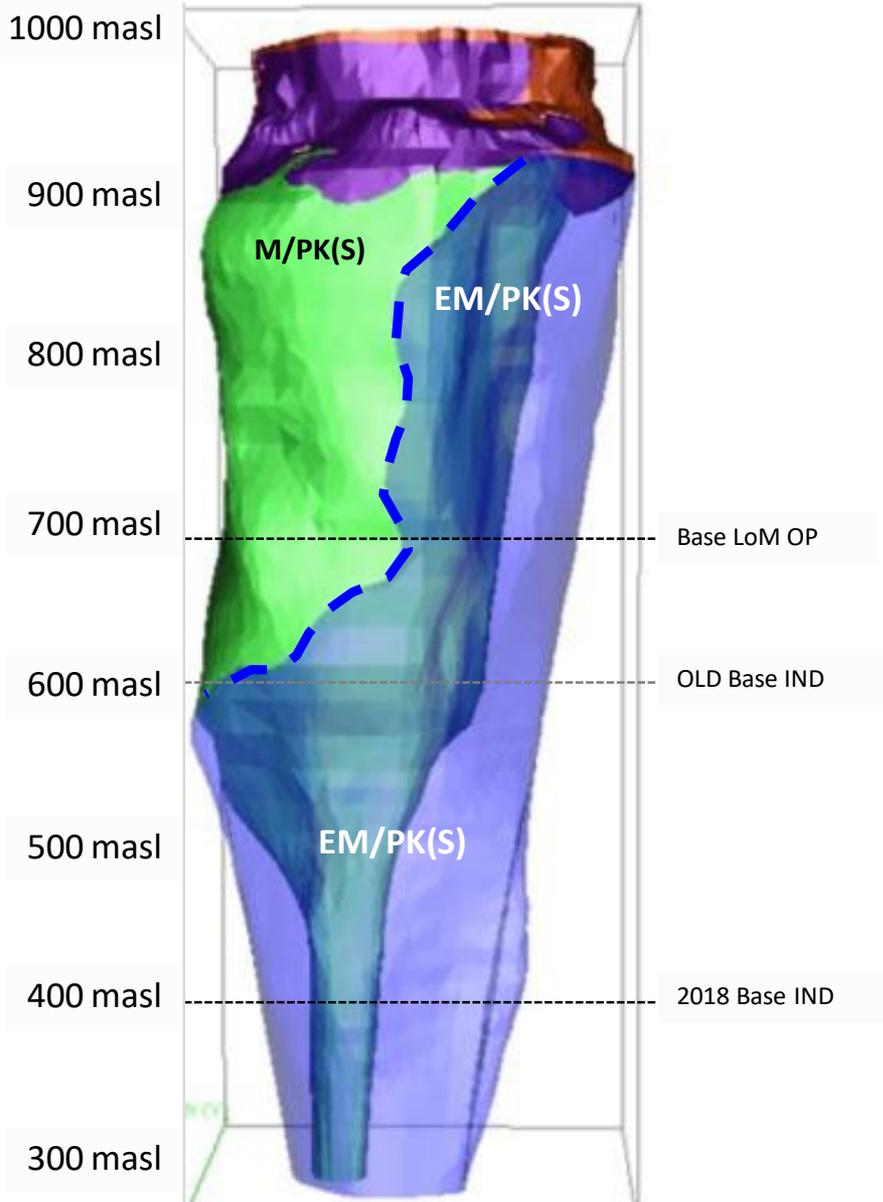
# GLOBAL ACHIEVED AVERAGE DIAMOND PRICES 2018/2019

(All amounts in U.S. Dollars unless otherwise indicated)



# 2018 GEOLOGICAL MODEL

## South Lobe AK06



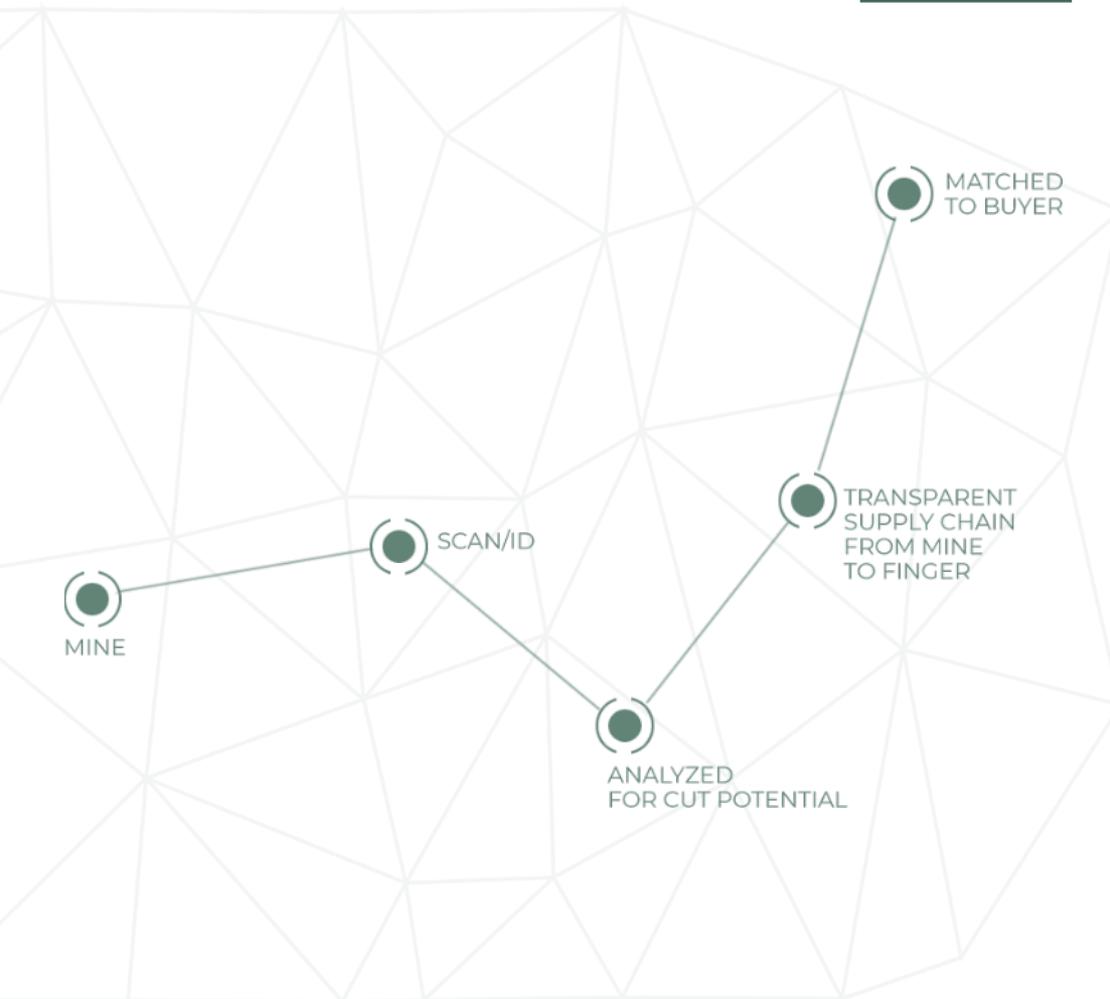
## EM/PK(S) POSITIVE FOR UNDERGROUND FEASIBILITY STUDY

- Underground Feasibility study initiated 2018 scheduled for completion H2 2019
- All support/technical programs completed Q2; significant de-risking since PEA in 2017
- Recognition that the EM/PK(S) is volumetrically the dominant unit at depth within the South Lobe
- EM/PK(S) is higher grade and has larger diamonds – source of Lesedi La Rona and Constellation diamonds and the 1,758 carat diamond recovered in April 2019



# TRANSFORMING THE DIAMOND SALES PROCESS

## Using Innovation and Technology



Opportunity to **transform** the existing supply chain, driving efficiencies and unlocking value

Exclusive collaboration with Sarine Technologies fundamental to the platform

Moving from push to pull style sales system where rough diamonds are sold stone by stone based on polished demand

Diamond provenance is assured

## TRANSFORMING THE DIAMOND SALES PROCESS Using Innovation and Technology

Clara - Lucara's Next Generation Growth Project



## CLARA SALES PLATFORM

### Q1 2019

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# CLARA

Three sales completed

POSITIVE RESULTS



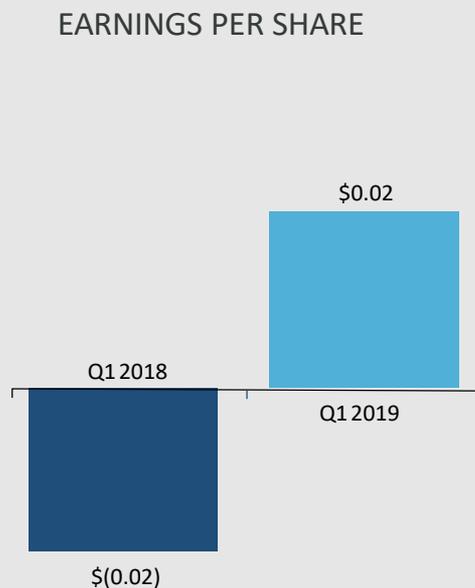
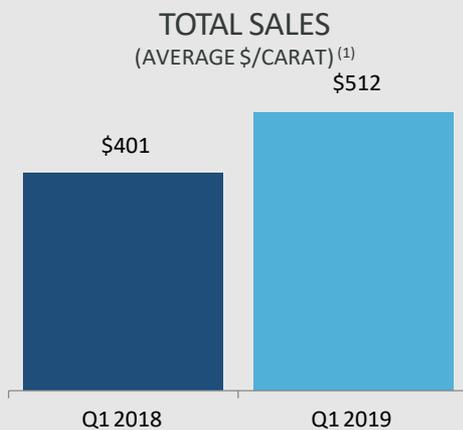
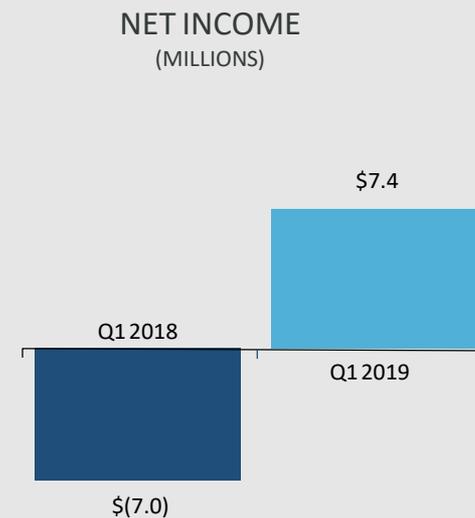
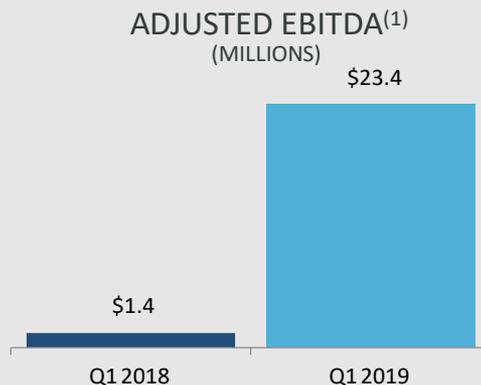
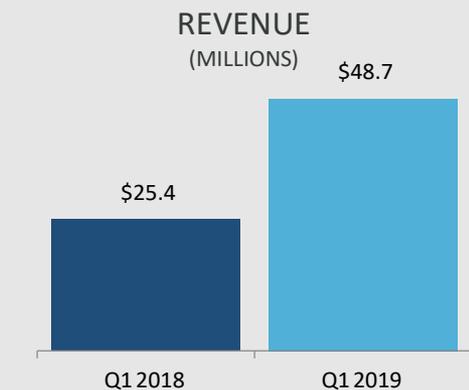
>US \$2 million diamonds sold  
by value

between one and four carats in size in better colors  
and qualities

- Three sales completed during the first quarter of 2019
- Participants included large, vertically integrated jewelry houses and global diamond manufacturers
- Sales continue to ramp up; focused on growing demand in short term
- Manufacturers on the platform have doubled since initial trial
- Discussions are underway to add third party supply to the platform before year end

# Q1 2019 FINANCIAL HIGHLIGHTS

(All amounts in U.S. Dollars unless otherwise indicated)

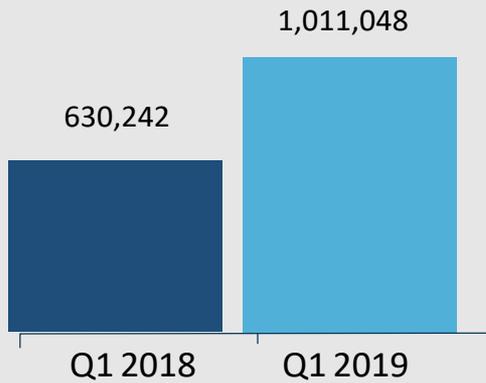


<sup>(1)</sup> Non-IFRS measure

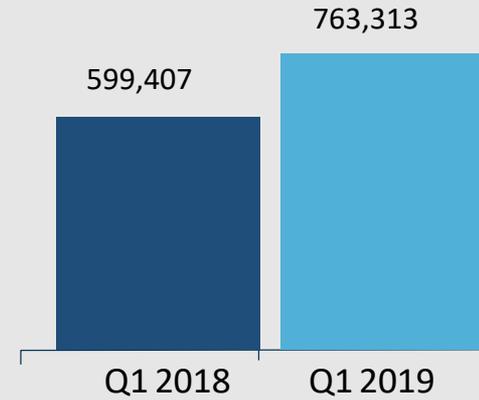
# Q1 2019 OPERATIONAL HIGHLIGHTS

(All amounts in U.S. Dollars unless otherwise indicated)

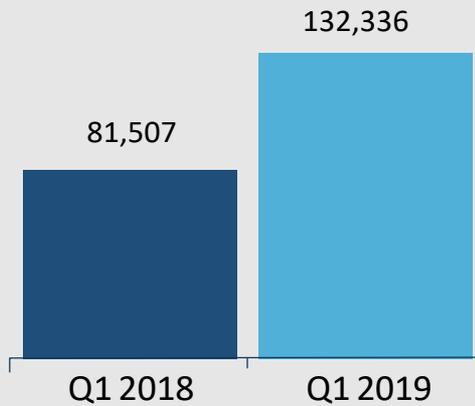
ORE MINED  
(TONNES)



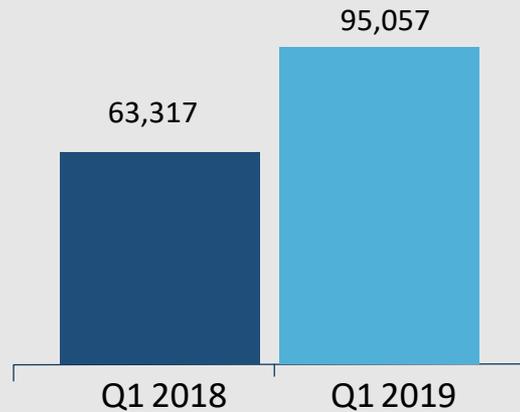
ORE PROCESSED  
(TONNES)



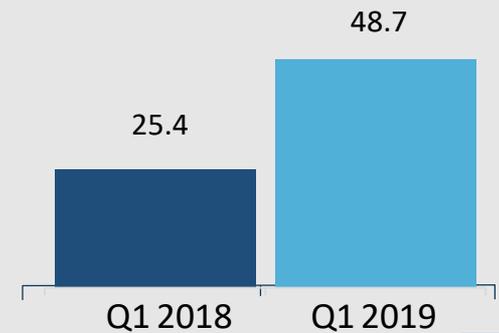
CARATS RECOVERED



CARATS SOLD



REVENUE  
(\$MILLIONS)



# 2019 OUTLOOK

(all amounts in U.S. Dollars)



\$170 – \$200 million

DIAMOND REVENUE

300,000 – 320,000

DIAMOND SALES (CARATS)

300,000 – 330,000

DIAMONDS RECOVERED (CARATS)



2.5 – 2.8 million

ORE TONNES MINED

2.5 – 2.8 million

ORE TONNES PROCESSED

6.0-9.0 million

WASTE TONNES MINED

< 2.46\*

AVERAGE STRIP RATIO

\$32 - \$37 per tonne of  
ore processed

OPERATING CASH COSTS<sup>(1)</sup>



342 ct

LUCARA DIAMOND

\*CHANGED FROM PREVIOUS GUIDANCE

(1) Non-IFRS measure



# LUCARA

DIAMOND

## CONCLUSIONS

Lucara is a high margin diamond producer located in a top tier mining jurisdiction, positioned for long term, sustainable growth

- High margin diamond producer
- Botswana - a low risk jurisdiction
- Strong balance sheet
- Open pit mineable reserves to 2026, potential for underground to least 2036
- Asset diversification and additional revenue stream through Clara



813 ct

# CAPITAL STRUCTURE

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## LUC

Lucara is a publicly listed company trading under the symbol “LUC”

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TSX

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NASDAQ Sweden

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BSE (Botswana)

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**~C\$572M**  
MARKET CAP

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**\$Nil** (March 2019)  
DEBT

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**396.7M** (March 2019)  
ISSUED SHARES

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**403.7M** (March 2019)  
FULLY DILUTED SHARES

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**US\$17.9M** (March 2019)

**US\$50.0M** (available)  
Credit Facility

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CASH ON HAND

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**22%**  
Fully Diluted Basis

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INSIDER HOLDINGS

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LUCARA  
DIAMOND

# Q & A

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