



LUCARA
DIAMOND

July 16, 2023

LUCARA PROVIDES KAROWE UNDERGROUND EXPANSION PROJECT UPDATE

VANCOUVER, July 16, 2023 /CNW/ - (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm)

Lucara Diamond Corp. (“Lucara” or the “Company”) provides an update on the Karowe Underground Expansion project (the “UGP”). The Karowe UGP is designed to access the highest value portion of the Karowe orebody, extend mine life to at least 2040 and deliver approximately \$4 billion in additional revenues using conservative diamond price assumptions which are un-escalated and exclude exceptional stone revenues.

Management initiated an update to the UGP schedule and budget in response to slower than planned ramp up to expected sinking rates, and, to account for time incurred to date, as well as for anticipated future grouting programs. Grouting programs took longer than anticipated due to a combination of high-water volumes in the sandstone lithologies between 870 and 752 metres above sea level in depth (144 metres to 262 metres below the shaft collar) combined with technical challenges associated with the transition to main sinking. The updated schedule incorporates a 28% increase in the duration of construction, extending the anticipated commencement of production from the underground from H2 2026 to H1 2028. As a result, the revised forecast of costs at completion is \$683 million, a 25% increase to the May 2022 estimated capital cost of \$547 million.

The project remains technically and economically feasible, however, the impact of actual and modelled delays changes the revenue profile due to the use of lower-grade, stockpiled ore for mill feed rather than high-grade ore from the underground as previously planned. Sufficient surface stockpiles of South, Centre and North Lobe kimberlite ore are available to maintain current, un-interrupted mill feed to the plant for the duration of the anticipated delay. 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.

Eira Thomas, CEO commented: “Lucara has made tremendous progress on the Karowe underground expansion project, despite many challenges over the last year as we transitioned into the main sink phase of the underground development. Schedule delays due to longer than anticipated grouting activity have impacted the project timeline, however the grouting methodology selected has proven to be effective in controlling water inflows. As we transition out of the sandstones in early Q4 2023, we look forward to meeting planned sinking rates. Despite these challenges, the project continues to deliver strong economics paying back capital in under three years and adding approximately \$4 billion in revenues from an extended mine life out to at least 2040, using conservative diamond price assumptions. The project also comes at a time when the long-term outlook for the diamond market is stronger than it has been for many years representing an exciting growth opportunity for our shareholders and stakeholders in Botswana.”

Lucara’s major shareholder remains supportive of the Karowe asset and the long-term potential of the Karowe UGP. Adam Lundin commented: “The Karowe underground mine expansion provides access to the highest value portion of the orebody responsible for delivering numerous record-breaking diamonds in respect of size and value, including three diamonds in excess of 1,000 carats. The project remains highly economic, despite the delays incurred, and as Lucara’s largest shareholder, we remain fully supportive of the company.”

HIGHLIGHTS:

- While the existence of water-bearing sandstones layers was anticipated, grouting within the regional Ntane and Mosolotane sandstone aquifers has required significantly more volumes of chemical grout. In addition, some remedial grouting in previously dry portions of the sandstone horizons has been required in the ventilation shaft. These factors account for most of the incurred delays.
- Planned grouting events to the base of the Mosolotane sandstone/mudstone transition are expected to be completed early in Q4 2023. After completion of the current sandstone layer being grouted, one further



grouting event is planned in the ventilation shaft (currently 213 metres below collar). Two additional grouting events are planned within the production shaft (currently 185 metres below collar). Thereafter, further grouting is not anticipated to be required until sinking reaches the granite basement lithologies in late 2024. Grouting in the granite lithologies is expected to be localized, rather than formational in nature. Total depth of the final shaft bottoms are 765 metres and 731 metres below surface for the production and ventilation shafts, respectively.

- The project has been operating with an excellent safety record including 1,244 days and > 3.3 million hours Lost Time Injury free and a Total Recordable Injury Frequency rate of 0.59.
- The increase of \$136 million in estimated capital to reach project completion is predominantly related to increased schedule duration and related labour costs (approximately 56% of total), and grouting costs (approximately 20% of total capital increase) which have been funded through contingency. The remaining cost increases are related to Owner's costs, procurement, and indirect project costs.
- As at June 30, 2023, capital expenditures of \$264.5 million had been incurred and capital commitments of \$369.7 million had been made.
- The remaining forecast to complete construction of the project as of June 30, 2023 is \$419 million including unallocated contingency of \$49.3 million (12%).
- Karowe Open Pit and Processing units continue to perform to budget expectations and the planned ore feed for the remainder of 2023 has transitioned to a South Lobe dominant mill feed. As a result, the recovery of large high value +100 carats diamonds sourced from the M/PK(S) and EM/PK(S) units is in line with resource expectations and previous half-year recoveries.

QUALIFIED PERSONS

This press release has been reviewed and approved by Dr. John Armstrong, Ph.D. P.Geol., Vice-President, Technical Services of the Company and a "Qualified Person" for the purposes of National Instrument 43-101 and Mr. Gord Doerksen P.Eng. of JDS Energy and Mining Inc. an Independent Qualified Person under National Instrument 43-101.

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ABOUT LUCARA

Lucara is a leading independent producer of large exceptional quality Type IIa diamonds from its 100% owned Karowe Mine in Botswana and owns a 100% interest in Clara Diamond Solutions, a secure, digital sales platform positioned to modernize the existing diamond supply chain and ensure diamond provenance from mine to finger. The Company has an experienced board and management team with extensive diamond development and operations expertise. The Company operates transparently and in accordance with international best practices in the areas of sustainability, health and safety, environment, and community relations.



The information in this release is accurate at the time of distribution but may be superseded or qualified by subsequent news releases.

This information is information that the Company is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out, at 10:00pm Pacific Time on July 16, 2023.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain of the statements made herein contain certain “forward-looking information” and “forward-looking statements” as defined in applicable securities laws. Generally, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance and often (but not always) using forward-looking terminology such as “expects”, “is expected”, “anticipates”, “believes”, “plans”, “projects”, “estimates”, “budgets”, “scheduled”, “forecasts”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential”, “possible” or variations thereof or stating that certain actions, events, conditions or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

In particular, forward-looking information and forward-looking statements may include, but are not limited to, information or statements with respect to the mine life of the Karowe Mine, anticipated revenues from the Karowe UGP, diamond prices, timing of revenues from the UGP and exiting stockpiles, the timing, scope and cost of additional grouting events, total forecasted capital expenditures for the UGP, and the anticipated schedule to complete the UGP.

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 the inherent uncertainty in developing underground projects and those factors discussed in or referred to 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.