



LUCARA
DIAMOND

October 31, 2023

NEWS RELEASE

LUCARA ANNOUNCES EXTENSION OF WORKING CAPITAL FACILITY TO NOVEMBER 15, 2023

VANCOUVER, October 31, 2023 /CNW/ (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm)

Lucara Diamond Corp. (“Lucara” or the “Company”) announces the short-term extension of the maturity of its \$50 million senior secured working capital facility (the “WCF”) and a deferral of the requirement to place \$52.9 million in a cost overrun reserve account (the “CORA”) to the earlier of the conclusion of discussions with its Lenders or November 15, 2023. An earlier extension granted by the Lenders on August 23, 2023, was due to expire on November 1, 2023.

The Company’s debt package consists of two facilities (the “Facilities”), a project finance facility of \$170 million to fund the development of an underground expansion at the Karowe Mine (the “Project Loan”), and the WCF which is used to support ongoing operations. Presently, \$90 million is drawn from the Project Loan and \$35 million is drawn from the WCF. The terms of the WCF extension do not permit further draws from either the Project Loan or the WCF. The CORA balance is currently \$18.4 million. All currency figures are in U.S. Dollars, unless otherwise stated.

In connection with the second extension of the WCF maturity and deferral of the CORA requirement, the Company’s largest shareholder, Nemesia S.a.r.l. (“Nemesia”), has also agreed to extend its liquidity support guarantee in favour of the Lenders to align with the new deadline. In August 2023 as part of the first WCF extension, Nemesia agreed to provide the Company with liquidity support of up to \$15.0 million in aggregate (“Liquidity Guarantee”) while discussions with the Lenders continued. The Company is required to maintain a minimum cash balance of \$10.0 million. The terms of the second extension of the Liquidity Guarantee remain the same, and no further consideration is payable to Nemesia for the extension. The TSX has conditionally approved the extension of the Liquidity Guarantee.

In August 2023, the Company issued a debenture (the “Debenture”) to Nemesia which will be drawn down if Nemesia is required to make a payment under the Liquidity Guarantee. In consideration for providing the Liquidity Guarantee, Lucara issued 450,000 common shares as a fee upon its execution. A further 450,000 common shares will be issuable should the Liquidity Guarantee be called upon in the event the Company’s cash balance decreases below \$10.0 million. For each \$500,000 drawn down under the Liquidity Guarantee, the Company will be required to issue, subject to the receipt of all required regulatory approvals, 7,500 common shares per month to Nemesia until the amounts borrowed are repaid.

Liquidity Guarantee from Nemesia

Nemesia is an insider of the Company and, as a result of their provision of the Liquidity Guarantee and receipt of the Debenture and 450,000 common shares in connection with the execution thereof, the transaction contemplated by the Liquidity Guarantee was considered a “related party transaction” under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). The Company relied on the exemptions set forth in sections 5.5(a) and 5.7(a) of MI 61-101 from the valuation and minority shareholder approval requirements of MI 61-101 in respect of Nemesia’s provision of the Liquidity Guarantee as the aggregate fair market value of the common shares issued to Nemesia upon signing of the Liquidity Guarantee was less than 25% of the Company’s market capitalization. A material change report in respect of the first waiver and extension, including the provision of the Liquidity Guarantee and the Debenture, was filed on September 1, 2023.



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On behalf of the Board,
William Lamb
President and Chief Executive Officer

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ABOUT LUCARA

Lucara is a leading independent producer of large exceptional quality Type IIa diamonds from its 100% owned Karowe Diamond Mine in Botswana. The Karowe Mine has been in production since 2012 and is the focus of the Company's operations and development activities. Clara Diamond Solutions Limited Partnership ("Clara"), a wholly-owned subsidiary of Lucara, has developed a secure, digital sales platform that uses proprietary analytics together with cloud and blockchain technologies to modernize the existing diamond supply chain, driving efficiencies, unlocking value and ensuring diamond provenance from mine to finger. Lucara has an experienced board and management team with extensive diamond development and operations expertise. Lucara and its subsidiaries operate transparently and in accordance with international best practices in the areas of sustainability, health and safety, environment, and community relations. Lucara has adopted the IFC Performance Standards and the World Bank Group's Environmental, Health and Safety Guidelines for Mining (2007). Accordingly, the development of the Karowe underground expansion project ("UGP") adheres to the Equator Principles. Lucara is committed to upholding high standards while striving to deliver long-term economic benefits to Botswana and the communities in which the Company operates.

The information is information that Lucara is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. This information was submitted for publication, through the agency of the contact person set out above, on October 31, 2023 at 5pm Pacific Time.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

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 and include, without limitation, receipt of regulatory approvals for the extension and issuance of common shares to Nemesia in connection with the Liquidity Guarantee; whether any amounts will be drawn under the Liquidity Guarantee and the timing of the same; future value to be delivered by the UGP and the Company's ability to continue as a going concern in the event that the Facilities are not available to them longer-term.

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. The value of the Company's shares, its financial results and its mining activities are significantly affected by the price and marketability of the diamonds recovered. The sales price of a diamond is determined by its characteristics. While the Karowe Diamond Mine has produced several large, high-value diamonds in excess of 100 carats, there is no assurance that the diamonds recovered which are 100 carats or larger will have the characteristics required to achieve a high sales price. Statements with respect to the length by which the Karowe underground expansion project will extend the life of mine are based on key underlying assumptions including, but not limited to: future diamond prices, future diamond recoveries, expected operating and capital costs, the timing to achieve key construction milestones, the availability of sufficient financing, people, equipment and materials when needed for construction and operation of the underground mine, the economic potential of a mineralized area, the size and tonnage of a mineralized area, the estimation of mineral resources.

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 in Note 1 of the condensed interim consolidated financial statements for the three and six months ended June 30, 2023, and in the related interim MD&A under the headings "Liquidity and Capital Resources", "COVID-19 Global Pandemic, Economic and Geopolitical Risks" and under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form, both available at <http://www.sedarplus.com>, as well as changes in general business and economic conditions, the ability to continue as a going concern, changes in interest and foreign currency rates, changes in inflation, the supply and demand for, deliveries of and the level and volatility of prices of rough diamonds, costs of power and diesel, impacts of potential disruptions to supply chains, 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.