



LUCARA
DIAMOND

February 21, 2025

NEWS RELEASE

LUCARA ANNOUNCES YEAR END 2024 RESULTS; NEW ANNUAL PRODUCTION RECORD SET

VANCOUVER, B.C., February 21, 2025 /CNW/ (LUC – TSX, LUC – BSE, LUC – Nasdaq FNGM)

Lucara Diamond Corp. (“Lucara” or the “Company”) today reports its results for the year ended December 31, 2024. All amounts are in U.S. dollars unless otherwise noted.

2024 HIGHLIGHTS

- As of December 31, 2024, Karowe had operated for over three years without a lost time injury.
- Recoveries of two exceptional diamonds larger than 1,000 carats: the 2,488 carat⁽¹⁾ Motswedi and the 1,094 carat Seriti diamonds. The Company recovered an additional 1,476 carat non-gem diamond in January 2025.
- A total of 399,215 carats were sold, generating revenue of \$203.9 million as well as payments received for the sale of the Sethunya, a 549 carat Type IIA white gem quality diamond and the Eva Star, a 1,080 carat Type IIA diamond. The Company sold the two stones for a combined sum of \$54.0 million and recognized \$44.0 million in revenue net of fees, excluding royalties.
- The recovery of 807 Specials (defined as rough diamonds larger than 10.8 carats) (2023: 602 Specials) equated to 7.6% (2023: 5.3%) by weight of the total recovered carats from ore processed in 2024.
- Significant progress was made in shaft sinking and shaft connection lateral development. During 2024, 702 metres (“m”) were sunk consisting of 375 m in the production shaft and 327 m in the ventilation shaft. A total of 464 m of lateral development was completed, connecting the two shafts at the 670-level and 470-level. Each level is equivalent to a metre above sea level.
- At the end of Q4 2024, the production shaft reached 731 metres below surface (“mbs”) out of a planned final depth of 770 mbs. The ventilation shaft reached 671 mbs out of a planned final depth of 722 mbs.
- A total of 94,713 carats were recovered in Q4 2024, including 91,046 carats from direct ore feed from the pit and stockpiles, at a recovered grade of 12.7 carats per hundred tonnes (“cpht”) and an additional 3,667 carats were recovered from processing of historic recovery tailings.
- All key operational and financial metrics from the Company’s 2024 Revised Guidance were achieved.
- On October 4, 2024, the Company sold its interest in Clara Diamond Solutions Limited Partnership, Clara Diamond Solutions B.V., and Clara Diamond Solutions GP (together referred to as “Clara”) including all related intangible assets. The Company received \$3.0 million in cash less working capital adjustments and the return of 10,000,000 Lucara common shares as consideration for the sale.
- Operational highlights from the Karowe Mine included:
 - Ore and waste mined of 3.0 million tonnes (“Mt”) (2023: 2.7 Mt) and 0.9 Mt (2023: 3.1 Mt), respectively.
 - 2.9 Mt of ore processed (2023: 2.8 Mt), setting a new annual production record.

⁽¹⁾ The carats reflect the final cleaned weight of the rough stone. The stone was previously reported at 2,492 carats.



- Financial highlights for 2024 included:
 - Operating margins of 61% were achieved (2023: 58%). Higher operating margins resulted from revenue increasing by 18% while operating expenses increased by 9%.
 - Operating cost per tonne processed was \$27.14 per tonne, a decrease of 5.6% compared to 2023 cost per tonne processed of \$28.75 per tonne due to a lower volume of waste mined in 2024. The continued impact of inflationary pressures, particularly labour, has been well managed by the operation. A strong US dollar continues to offset a small increase in costs over the comparable period. Operating cost per tonne processed is a non-IFRS measure.
- Cash position and liquidity as at December 31, 2024:
 - \$22.8 million of cash and \$27.1 million of working capital (current assets less current liabilities).
 - \$180.0 million drawn on the \$190.0 million Project Facility (“Project Facility”) for the Karowe underground project (“UGP”) with \$25.0 million drawn on the \$30.0 million Working Capital Facility (“WCF”) and a Cost Overrun Reserve Account (“CORA”) balance of \$49.1 million.

William Lamb, President & CEO commented: “2024 was another great year for Lucara, with the recovery of the epic 2,488 carat Motswedi, the largest diamond to be recovered in the last century, shortly followed by the recovery of the remarkable 1,094 carat Seriti. The recovery of these two exceptional stones, and the overall recovery of 807 Specials, continues to demonstrate the exceptional Karowe asset and confirms Lucara’s technical expertise and innovative mining practices.

Lucara's position at the forefront of the diamond sector remains strong, particularly with the recently announced \$54.0 million sale of the 549 carat Sethunya and 1,080 carat Eva Star.

Our world-class Karowe mine continues to set new benchmarks, achieving record production in 2024 while maintaining the highest safety standards in the industry. The open pit operations delivered yet another remarkable milestone with the recovery of our seventh 1,000+ carat diamond. Meanwhile, steady progress in shaft sinking marks significant advancement in our underground project. This strategic investment will extend Karowe's productive life, ensuring we continue to unearth extraordinary diamonds from this exceptional deposit for years to come.

We remain committed to executing our strategic objectives while strengthening our leadership in the recovery and marketing of exceptional diamonds. Our recent historic diamond sale of the Sethunya and Eva Star further validate Karowe's potential and enhance our ability to create lasting value for our shareholders.”

DIAMOND MARKET

The long-term outlook for natural diamond prices remains cautiously optimistic despite current challenges. While the influx of Angolan rough diamonds and the subdued demand for polished diamonds, especially from China, have led to price corrections, particularly in smaller sizes, the industry sentiment suggests that the market may have reached its bottom during Q4 2024. A gradual recovery is expected to be driven by increasing demand for larger diamonds due to reduced production, and the overall long-term demand for natural diamonds.

While the diamond market is navigating a period of adjustment, it presents opportunities for strategic adaptation and growth. Indian diamond manufacturers are actively responding to evolving demand dynamics, exploring new markets and product segments, while prices of laboratory-grown diamonds have continued to decrease in 2024 with production outweighing demand for these products. Although De Beers and Alrosa's recent price adjustments have not yet spurred a significant uptick in demand, they demonstrate a commitment to market responsiveness and price stability. As the industry moves into 2025, buyers are exercising prudent inventory management while holding firm on polished prices, which could lead to a healthier and more sustainable market in the long run.



DIAMOND SALES

Karowe diamonds are sold through three sales channels: through a diamond sales agreement with HB Trading BV (“HB”), through quarterly tenders, and on the Clara sales platform.

HB Sales

Karowe’s large, high value diamonds have historically accounted for approximately 60% to 70% of Lucara’s annual revenues. In February 2024, Lucara entered into a New Diamond Sales Agreement (“NDSA”) with HB, effective retroactively from December 1, 2023. Under this sales agreement, all +10.8 carat gem and near gem diamonds from the Karowe Mine of qualities that could directly enter the manufacturing stream are sold to HB. The initial purchase price paid for the rough diamonds are based on an estimated initial polished value with a true up paid to the Company if the actual achieved polished sales price exceeds the initial price paid, or a repayment if the actual achieved polished sales price is below the initial price paid. The timing of payments varies based on the category of stones being delivered, as determined by the diamond’s estimated initial polished value.

The arrangement contains elements of variable consideration as the Company’s final consideration is contingent on the price obtained in the future sale of the polished stones by HB. Variable consideration is recognized to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal at the time the uncertainty has subsequently been resolved. Final revenue is determined when the polished diamonds are sold by HB to the end buyer.

Quarterly Tenders

All +10.8 carat non-gem quality diamonds and all diamonds less than 10.8 carats which are not sold on the Clara sales platform are sold as rough diamonds through quarterly tenders.

Clara

Clara is a digital sales platform which is designed to transact single diamonds between 1 and 10 carats, in higher colours and quality. On October 4, 2024, the Company sold this non-core asset, resulting in its classification as discontinued operations for the year ended December 31, 2024. Consideration included \$3.0 million in cash (less working capital adjustments), the return of 10,000,000 Lucara common shares (valued at \$3.3 million) and cancellation of a 13,400,000 Lucara common shares issuance obligation related to sales performance metrics and change of control.

KAROWE UNDERGROUND PROJECT UPDATE

The UGP is designed to access the highest value portion of the Karowe orebody, with initial underground carat production predominantly from the eastern magmatic/pyroclastic kimberlite (south) (“EM/PK(S)”) unit. The UGP is expected to extend the mine life to beyond 2040.

An update to the Karowe UGP schedule and budget was announced on July 16, 2023 ([link to news release](#)). The anticipated commencement of production from the underground is H1 2028. The revised forecast of costs at completion is \$683.4 million (including contingency). As at December 31, 2024, capital expenditures of \$347.9 million had been incurred and further capital commitments of \$79.2 million had been made.

With the 2023 update to the UGP schedule and budget, the Karowe Mine production and cash flow models were updated for the revised project schedule and cost estimate. Open pit mining is expected to continue until the end of 2025 and to provide mill feed during this time. Stockpiled material (North, Centre, South Lobe) from working stockpiles and life-of-mine stockpiles should provide uninterrupted mill feed until 2027 when UGP development ore is scheduled to start offsetting stockpiles with high-grade ore from the underground development. Full scale underground production is planned for H1 2028. The long-term outlook for diamond prices, combined with the potential for exceptional stone recoveries and the continued performance of the open pit could mitigate the modelled impact on project cash flows due to the changes in schedule. The Company continues to explore opportunities to further mitigate the modelled impact.



During 2024, the UGP achieved a twelve-month rolling Total Recordable Injury Frequency Rate of 0.57. The UGP to date Total Recordable Injury Frequency Rate up to December 31, 2024 was 0.54.

A total of \$64.7 million was spent on the UGP development in 2024 for the following surface infrastructure and ongoing shaft sinking activities:

The ventilation shaft 2024 development:

- Reached 671 mbs out of a planned final depth of 722 mbs.
- Completed 470-level⁽¹⁾ station development.

The production shaft 2024 development:

- Reached 731 mbs out of a planned final depth of 770 mbs.

Related infrastructure 2024 development:

- Completed the construction and pre-commissioning of the permanent bulk air coolers at the production shaft in July 2024.
- Construction and fabrication of the permanent man and materials winder continued during the year, representing the last major component for the permanent winders.
- Commenced the adjudication and review of underground lateral development tender documents.
- Advanced mining engineering with a focus on supporting shaft sinking, underground infrastructure engineering, finalizing drilling level plans, and placed shaft steelwork orders in October 2024.

Activities planned for the UGP in Q1 2025 include the following:

- Production and ventilation shaft sinking to final depth of 770 mbs and 722 mbs, respectively.
 - Ventilation shaft – expect to sink to 355-level and commence station mining excavation, including top of fine ore bins, expect to commence sinking activities to 310-level.
 - Production shaft – plan to sink to 285-level and complete 285-level skip loading station.
- Continue winder building structure and construction of winder driver's cabin.
- Continue evaporation pond earthworks and civils and updated water model.
- Procurement of underground equipment, including an additional Load, Haul, Dump vehicle for the production shaft station 285-level development. Major components of the underground crusher and dewatering pumps are expected to be delivered to site.

⁽¹⁾ Each level is equivalent to a metre above sea level.



FINANCIAL HIGHLIGHTS – Q4 2024

<i>In millions of U.S. dollars, except carats sold</i>	Three months ended		Year ended	
	December 31,		December 31,	
	2024	2023	2024	2023
Revenues	78.8	36.3	203.9	172.4
Operating expenses	(24.4)	(21.9)	(79.6)	(73.2)
Net income from continuing operations for the period	38.5	(24.6)	43.6	(5.0)
Net income (loss) from discontinued operations for the period	(1.5)	(12.1)	(3.7)	(15.2)
Earnings per share from continuing operations (basic)	0.09	(0.05)	0.10	(0.01)
Earnings per share from continuing operations (diluted)	0.08	(0.05)	0.09	(0.01)
Cash on hand			22.8	13.3
CORA			49.1	18.6
Amounts drawn on WCF			25.0	35.0
Amounts drawn on Project Facility			180.0	90.0
Carats sold	112,615	111,523	399,215	379,287

QUARTERLY RESULTS FROM OPERATIONS – KAROWE MINE

	UNIT	Q4-24	Q3-24	Q2-24	Q1-24	Q4-23
Sales						
Revenues from the sale of Karowe diamonds	\$M	78.8	44.3	41.3	39.5	36.3
Karowe carats sold	Carats	112,615	116,221	76,388	93,991	111,523
Production						
Tonnes mined (ore)	Tonnes	646,288	845,594	699,846	809,999	607,101
Tonnes mined (waste)	Tonnes	119,919	192,308	245,006	386,849	456,880
Tonnes processed	Tonnes	716,936	720,524	714,301	698,870	703,472
Average grade processed ⁽¹⁾	cpht ^(*)	12.7	13.4	12.9	11.7	14.0
Carats recovered ⁽¹⁾	Carats	91,046	96,597	92,419	81,611	98,177
Costs						
Operating cost per tonne of ore processed ⁽²⁾	\$	31.52	27.34	26.32	23.28	31.96
Capital Expenditures						
Sustaining capital expenditures	\$M	5.5	2.0	3.4	1.8	8.0
Underground project ⁽³⁾	\$M	17.8	17.7	11.2	17.9	28.0

(*) Carats per hundred tonnes

(1) Average grade processed is from direct processing carats and excludes carats recovered from re-processing historic recovery tailings.

(2) Operating cost per tonne of ore processed is a non-IFRS measure. See "Non-IFRS Financial Measures" in MD&A.

(3) Excludes qualifying borrowing cost capitalized.

QUARTERLY SALES RESULTS

<i>Revenue is in millions of U.S. dollars</i>	Three months ended		Year ended	
	December 31,		December 31,	
	2024	2023	2024	2023
Sales Channel				
HB Arrangements	62.1	17.4	142.8	106.2
Tender ⁽¹⁾	13.2	16.9	50.0	53.7
Clara	3.5	2.0	11.1	12.5
Total Revenue	78.8	36.3	203.9	172.4

⁽¹⁾ Non-gem +10.8 carat diamonds and diamonds less than 10.8 carats that did not meet characteristics for sale on Clara were sold through tender.



HB

For the three months ended December 31, 2024, the Company reported revenue of \$62.1 million from HB, compared to \$17.4 million for the same period in 2023. Revenue from HB accounted for 79% of total revenue recognized in Q4 2024, up from 48% in Q4 2023. HB revenue increased in Q4 2024 due to the sale of the Sethunya and the Eva Star and throughout the year due to a higher volume of carats sold. In Q4 2024, the Company sold the Sethunya, a 549 carat Type IIA diamond recovered in 2020, and the Eva Star, a 1,080 carat Type IIA white-gem quality diamond recovered in 2023, recognizing \$44.0 million in revenue net of fees, excluding royalties. The Company previously received \$20.0 million, with an additional \$24.0 million due following this sale. Of this amount, \$16.0 million was received in Q4 2024, and the remaining \$8.0 million was received in 2025. As of December 31, 2024, the Company had \$18.4 million in trade receivables from HB, including the remaining \$8.0 million due from the sale of the Sethunya and the Eva Star.

Tender & Clara

For the three months ended December 31, 2024, sales through tender totaled \$13.2 million, compared to \$16.9 million in Q4 2023, while Clara sales totaled \$3.5 million, up from \$2.0 million in Q4 2023. A higher volume of carats were sold on the Clara platform in Q4 2024, whereas more carats were sold through quarterly tenders in Q4 2023. Both sales channels had lower average dollar-per-carat values compared to 2023, reflecting the decline in prices within the smaller-sized diamond categories.

2025 OUTLOOK

This section of the news release provides management's production and cost estimates for 2025. These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements.

Karowe Diamond Mine	2025
<i>In millions of U.S. dollars unless otherwise noted</i>	Full Year
Revised Diamond revenue (millions)	\$195 to \$225
Diamond sales (thousands of carats)	400 to 420
Diamonds recovered (thousands of carats)	360 to 400
Ore tonnes mined (millions)	1.6 to 2.0
Waste tonnes mined (millions)	Up to 0.2
Ore tonnes processed (millions)	2.6 to 2.9
Total operating cash costs ⁽¹⁾ including waste mined (per tonne processed)	\$28.50 to \$31.00
Underground Project	Up to \$115 million
Sustaining capital	Up to \$13 million
Average exchange rate – Botswana Pula per United States Dollar	13.0

⁽¹⁾ Operating cash costs are a non-IFRS measure. See "Non-IFRS Measures" in MD&A.

The table above reflects the natural variability in the resource production in both recovery and diamond quality which may impact revenue guidance for 2025.

For 2025, the Company's revenue forecast assumes that 79% of the carats recovered will come from the higher value M/PK(S) and EM/PK(S) units within the South Lobe, the sale of its diamond inventory, and the remaining carats recovered come from the Centre Lobe in accordance with the mine plan, generating revenue between \$195 and \$225 million. South Lobe material, while lower average grade than the Centre and North Lobes, has a higher weight percentage of +10.8 carat Specials.

In 2025, the Company expects to mine between 1.8 and 2.2 million ore tonnes including waste and moisture content. Mined ore will be processed in combination with stockpiled materials in 2025. The assumptions for carats recovered and sold as well as the number of ore tonnes processed are consistent with achieved plant performance in recent years. Stockpiled material (North, Centre, South Lobe) from working stockpiles and life-of-mine stockpiles should provide uninterrupted mill feed until 2027 when UGP development ore is scheduled to start offsetting stockpiles with high-grade ore from the underground development. Full scale underground production is planned for H1, 2028.



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The underground development is expected to extend Karowe's mine life to beyond 2040. In 2024, significant progress was made in shaft sinking and lateral development connecting the production and ventilation shafts, with the critical path ventilation shaft being ahead of the July 2023 rebase schedule. In 2025, capital costs for the UGP are expected to be up to \$115 million and will focus predominantly on shaft sinking activities to final depth, equipping of the production shaft and station development. Surface works will focus on permanent winders being installed and cold commissioned. Tendering of the underground lateral development contract along with underground equipment purchases will also be completed in 2025.

Sustaining capital are expected to be up to \$13 million with a focus on the replacement and refurbishment of key asset components, in addition to expansion of the tailings storage facility and pit steepening activities which will extend the mine's ability to extract South Lobe material from the pit in 2025.

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. 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 is certified by the Responsible Jewellery Council, complies with the Kimberley Process, and 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 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 in this release is subject to the disclosure requirements of Lucara pursuant to the EU Market Abuse Regulation. The Company's certified adviser on the Nasdaq First North Growth Market is Bergs Securities AB, ca@bergssecurities.se, +46 739 49 62 50. This information was submitted for publication, through the agency of the contact person set out above, on February 21, 2025, at 5:00 p.m. Pacific Time.



CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain of the statements made in this news release 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”, “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.

By their nature, forward-looking statements and information involve assumptions, inherent risks and uncertainties, many of which are difficult to predict and are usually beyond the control of management, that could cause actual results to be materially different from those expressed by these forward-looking statements and information. Forward-looking information and statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to several known and unknown risks, uncertainties and other factors that 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 the expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Readers and investors should not place undue reliance on such statements.

This press release contains forward-looking information in several places, such as in statements relating to the Company’s ability to continue as a going concern, the project schedule and capital costs for the Karowe UGP, the diamond sales, production and cost estimates under “2025 Outlook”, the Company’s ability to meet its obligations under the Rebase Amendments with its Lenders, the Company’s ability to fill the CORA, the impact of supply and demand of rough or polished diamonds, expectations regarding top-up values, estimated capital costs, the timing, scope and cost of grouting events at the Karowe UGP, that expected cash flow from operations, combined with external financing will be sufficient to complete construction of the Karowe UGP, that the estimated timelines to achieve mine ramp up and full production from the Karowe UGP can be achieved, the economic potential of a mineralized area, expectations that the Karowe UGP will extend mine life, forecasts of additional revenues, future production activity, that depletion and amortization expense on assets will be affected by both the volume of carats recovered in any given period and the reserves that are expected to be recovered, the future price and demand for, and supply of, diamonds, expectations regarding the scheduling of activities for the Karowe UGP in 2025, future forecasts of revenue and variable consideration in determining revenue, the impact of the HB and Clara sales arrangements on the Company’s projected revenue and sales channels and HB’s ability to meet its payment obligations to the Company, the outcome of tax assessments and the likelihood of recoverability of tax payments made, estimation of mineral resources, cost and timing of the development of deposits and estimated future production, interest rates, including expectations regarding the impact of market interest rates on future cash flows and the fair value of derivative financial instructions, and the potential impacts of economic and geopolitical risks, including potential impacts from the ongoing world conflicts, and the resulting indirect economic impacts that strict economic sanctions may have.

Certain risks which could impact the Company are discussed under the heading “Risks and Uncertainties” in the Company’s most recent MD&A and Annual Information Form available at SEDAR+ at www.sedarplus.ca. Forward-looking information and statements contained in this news release are made as of the date of this news release and accordingly are subject to change after such date. Except as required by law, the Company disclaims any obligation to revise any forward-looking information and statements to reflect events or circumstances after the date of such information and statements. All forward-looking information and statements contained or incorporated by reference in this news release are qualified by the foregoing cautionary statements.