



LUCARA
DIAMOND

March 23, 2021

PRESS RELEASE

LUCARA ANNOUNCES SENIOR SECURED PROJECT FINANCE FACILITY MANDATE FOR THE UNDERGROUND EXPANSION OF THE KAROWE MINE

VANCOUVER, March 23, 2021 /CNW/ - (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm)

Lucara Diamond Corp. is pleased to announce the execution of a mandate for a senior secured project financing package of up to US\$220 million (the “Mandate”) to fund the underground expansion at Lucara’s 100% owned Karowe Mine (“Karowe”) in Botswana. A syndicate of five international financial institutions, including ING Bank N.V. (“ING”), Natixis (“Natixis”), Société Générale, London Branch (“Société Générale”), Africa Finance Corporation (“AFC”) and Afreximbank (“Afrexim”) will act as the Mandated Lead Arrangers (“MLAs”). The formal Mandate includes a non-binding indicative term sheet for debt facilities of up to US\$220 million (the “Facilities”). Closing of the Facilities is targeted to be mid-2021, with financing in place for the second half of 2021.

Eira Thomas, President and CEO commented: “The mandating of five leading international financial institutions, with strong mining and metals track records and significant experience in Africa, for the arrangement of +\$200 million senior debt facilities, is a significant achievement for Lucara. This debt package will supplement cash flows from continued operations of the Karowe open pit over the next 5 years, extending Karowe’s mine-life out from 2025 until at least 2040. The project is underpinned by strong economics, is expected to payback in under three years and contribute more than \$4 billion of additional revenues using conservative diamond pricing assumptions. We are targeting completion of the project financing package by mid-year, with full project sanction thereafter.

The interest of top tier financial institutions further validates Lucara’s reputation as a leading, high margin diamond producer, which has demonstrated resilience throughout the pandemic. Karowe is highly levered to strengthening diamond prices and is well positioned to take advantage of the current market, as we have observed prices recovering to pre-pandemic levels in early 2021.”

The execution of the Mandate is a key milestone in the project financing process for the Karowe underground expansion, which has an estimated capital cost of US\$514 million and a five-year development period. The balance of development capital is expected to come from operating cash flow generated by open pit operations at Karowe during the development period. The MLAs have commenced detailed due diligence on all aspects of the financing and Lucara continues to work with them to conclude the due diligence process in the near term. Closing of the Facilities is subject to completion of the customary processes including due diligence, final credit approvals and execution of final documentation.

Terrafranca Advisory Limited is acting as financial advisor to the Company. Norton Rose Fulbright LLP is acting as legal counsel to the Company.

Eira Thomas
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 Mine in Botswana. 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 person set out above at 2:15pm Pacific Time on March 23, 2021.

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.

This release may contain forward looking information pertaining to the following: the timing for an investment decision related to developing an underground mine at Karowe, the arrangement of a senior secured project debt financing and the satisfaction of other conditions to develop an underground mine at Karowe and expected economics related to the development and operation of the proposed underground mine. The Company's ability to achieve these conditions may include but is not limited to: the receipt of all required authorizations for the development and operation of an underground mine, the anticipated time to arrange external financing, the quantum of that financing and that the proposed terms of any external financing will be satisfactory to the Company; the ability of the Company's cash flows from operations to supplement the Company's external financing requirements; the Company's ability to meet the estimated schedule and budget to develop underground operations and the accuracy of related estimates, the production profile at Karowe and the timing to process ore from underground operations, anticipated changes in diamond pricing, including trends in supplies and demands and the potential for stability in the diamond market and diamond pricing; changes to foreign currency exchange rates; and other forward looking information.

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 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.