

# Lucara Diamond Corp. Announces Strong Q4 2020 Sales and Operational Results

22.02.2021 | [CNW](#)

VANCOUVER, Feb. 22, 2021 - [Lucara Diamond Corp.](#) ("Lucara" or the "Company") (TSX: LUC) (BSE: LUC) (Nasdaq Stockholm: LUC) today reports its results for the year and quarter ended December 31, 2020. View PDF version.

## HIGHLIGHTS:

- Revenue of \$42.4 million or \$402 per carat sold in Q4 2020. This includes diamonds sold through a combination of regular tenders, Clara, and through HB Antwerp ("HB") under the supply agreement announced in July 2020.
- FY2020 total operating cash costs of \$27.80 per tonne processed<sup>(1)</sup>, 13% lower than the prior year.
- Adjusted EBITDA<sup>(1)</sup> in Q4 2020 of \$10.2 million marks a continued strong operating margin of 49%.
- Lucara continues to have a strong availability of working capital, including \$4.9 million in cash at the end of Q4 and \$19.5 million available from a revolving term credit facility. No long-term debt.
- Specials recovered (+10.8 carats) equated to 6.7% weight percentage of total recovered carats, the fourth year to achieve greater than 6%.
- Extension of the Karowe mining license for a period of 25 years to 2046, marking a critical step in the advancement of the Karowe underground expansion project.
- In January 2021, the Company announced the recoveries of two, top white gem quality diamonds (341 carats and 378 carats) from ore sourced from the M/PK(s) unit within the South Lobe. Both stones were recovered unbroken.

(1) See Non-IFRS measures

Eira Thomas, President & CEO commented: "The measures that Lucara took early in the pandemic, including the decision not to sell rough diamonds in excess of +10.8 carats after Q1, helped protect and support prices for large, high value diamonds that account for more than 70% of our revenues. These efforts in conjunction with our transformational supply agreement with HB Antwerp executed in July, resulted in strong price recoveries by Q4, a trend which has continued into 2021. The recent recovery of two, high value +300 carat stones continue to highlight the extraordinary nature of the Karowe resource and underpin the rationale for underground expansion, extending our mine life out to at least 2040. In late 2020, the Government of Botswana also granted Lucara a mining license extension for 25 years, a critical milestone for the underground project, paving the way for the completion of a supplementary debt financing in support of full project sanction, anticipated in the second half of 2021."

## REVIEW FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2020

- Mining and processing operations continued without interruption at the Karowe Mine, where more than 98% of the workforce are Botswana Nationals.
- Operational highlights for the year ended December 31, 2020 were as follows:
  - Continuous operations with implementation of new health and safety protocols to protect the health and well-being of employees, contractors and local communities.
  - Ore and waste mined of 3.0 million tonnes and 2.7 million tonnes, respectively.
  - 2.7 million tonnes of ore processed resulting in 381,706 carats recovered, achieving a recovered grade of 14.3 carats per hundred tonnes.
  - Successful completion of planned XRT upgrades, a key component of the diamond recovery circuit.
- A record setting year for the recovery of Specials (single diamonds in excess of 10.8 carats):
  - a 549 carat top-white gem diamond "Sethunya" (February 2020)
  - a 998 carat, high white clivage diamond (November 2020)
  - throughout the year, a total of 34 stones in excess of 100 carats, of which 10 stones exceeded 200 carats.

- Two unique collaboration agreements entered into with Louis Vuitton and HB Antwerp to create a high jewellery collection from the historic 1,758 carat "Sewelô", the largest diamond ever mined in Botswana, and the 549 carat "Sethunya".
- Clara's customer base increased from 25 to 75 customers (+178% in 2020), with continuous bi-weekly sales on Clara throughout 2020 providing regular cash flow and visibility into price trends.
- An investment of \$18.7 million on the Karowe underground expansion project under a re-scoped budget focused on de-risking the project schedule (procurement of long lead equipment, detailed design and engineering).
- Financial highlights for the year ended December 31, 2020 included:
  - Total revenues of \$125.3 million (2019: \$192.5 million) or \$335 per carat (2019: \$468 per carat). Revenue, from this agreement, will continue to be recognised in 2021 as rough diamonds delivered in 2020 are sold as polished, and "top-up" payments are realised. Price improvement was observed in all size categories in sales concluded in December 2020.
  - Adjusted EBITDA<sup>(1)</sup> of \$18.4 million as compared to adjusted EBITDA for the same period in 2019 of \$73.1 million, a decrease driven by lower revenues.
  - Net loss for the year of \$26.3 million (\$0.07 loss per share) as compared to net income of \$12.7 million (\$0.03 per share) in 2019.

(1) See Non-IFRS measures

## SUPPLY AGREEMENT FOR +10.8 CARAT DIAMOND PRODUCTION FROM KAROWE

Karowe's large, high value diamonds have historically accounted for approximately 60% to 70% of Lucara's annual revenues. Though the mine remained fully operational following the declaration of COVID-19 as a global pandemic, Lucara made a decision not to tender any of its +10.8 carat production after early March 2020 amidst the uncertainty caused by the global crisis and the significant weakness observed in the rough diamond market. The polished diamond market performed better through this period and subsequently, in July 2020, Lucara announced a ground breaking partnership agreement with HB, entering into a definitive supply agreement for the remainder of 2020, for all of the diamonds produced in excess of +10.8 carats from our 100% owned Karowe Diamond mine in Botswana.

Under the supply agreement with HB, Lucara's +10.8 carat production is being sold at prices based on the estimated polished outcome of each diamond, determined through state of the art scanning and planning technology, with a true up amount payable to Lucara on actual achieved polished sales in excess of the initial estimated polished price, less a fee and the cost of manufacturing. This unique pricing mechanism has delivered regular cash flow for this important segment of our production profile. The decision to enter into the supply agreement with HB for the remainder of 2020 followed a trial period during Q2 2020 ("Shipment 1"). Lucara is receiving payment for the polished diamonds from Shipment 1 as those diamonds are sold by HB to end customers, less a fee and the cost of manufacturing.

For the year ended December 31, 2020, the Company recognized revenue totalling \$55.2 million from the two agreements with HB, including an accrual for variable consideration of \$7.2 million related to "top-up" payments arising from polished diamond sales in excess of the initial purchase price paid to Lucara. A slower than expected ramp-up in both manufacturing and polished sales resulted in certain amounts, that would otherwise have been recorded as revenue in 2020, now expected to be realized in 2021.

## SALES

Diamond sales for the fourth quarter of 2020 were held through a combination of regular tenders, Clara, for diamonds less than 10.8 carats, and through HB under the supply agreement for those diamonds greater than 10.8 carats. The Company recognized revenue of \$42.4 million or \$402 per carat from the sale of 105,648 carats. Price recovery was observed in most size and quality classes. Of note, prices achieved for goods sold on Clara (under 10.8 carats in size) in January 2021 have now recovered to the level of pricing achieved early in 2020.

Total revenue for the year ending December 31, 2020 of \$125.3 million was impacted by challenging market conditions, a longer ramp-up for production and polished sales in the latter half of 2020 under the HB supply agreement. As a result, revenue from certain polished diamonds from Lucara's highest value stones, that would otherwise have been recorded as revenue in 2020, is now expected to be realized in 2021. During the year ended December 31, 2020, Lucara sold 373,748 carats at an average price of \$335 carat.

## CLARA

With global restrictions impeding travel for many diamantaires, interest in Clara grew significantly in 2020 and the number of buyers on the platform increased from 27 to 75. During 2020, Clara began selling stones on behalf of third party sellers, which was a significant objective for the year. As Clara becomes the online marketplace of choice for rough buyers, discussions are underway with several producers to begin trials for the sale of their diamonds on Clara.

## KAROWE UNDERGROUND UPDATE

During the year ended December 31, 2020, \$18.7 million was spent on project execution activities including the following: Site earthworks (consisting of laydown preparation and clearing of shaft and surface infrastructure locations), geotechnical test pitting and drilling, and completion of two pilot holes at the shaft locations, a 746 metre hole for the ventilation shaft and a 768 metre hole for the production shaft. The Company was able to complete on-site earth works and geotechnical studies by using local contractors while a State of Emergency remained in effect in Botswana. Long lead time item orders were also placed for shaft muckers, and hoist and winder refurbishment was initiated. In addition, power line engineering and detailed shaft design and engineering (consistent with original targets for 2020) progressed. In Q4 2020, the Government of Botswana approved the proposed powerline route and granted a 25-year extension to the Karowe Mine License to 2046, sufficient to cover the remaining open-pit life (to 2026) and the expected life of the proposed underground expansion, currently planned to 2040.

The Company is actively exploring opportunities to arrange debt financing for the underground expansion for those amounts which are expected to exceed the Company's cash flow from operations during the construction period. The underground expansion program has an estimated capital cost of \$514 million and a five year period of development.

## DIAMOND MARKET

The diamond industry begins 2021 with a healthier supply-demand balance than it has had at any stage in the past five years. This follows an incredibly challenging year in 2020, characterized by global travel restrictions, low sales volumes, pricing pressure and overall, difficult economic conditions for miners, manufacturers, retailers and consumers.

Since the end of last year, the market has seen healthy price improvements in the rough market, supported by a strong holiday sales period. Looking ahead, supply curtailments and a pick up in consumer demand are expected to support a continuation of a stable, positive price trend in both the rough and polished markets. Longer-term fundamentals are expected to remain strong, with the lack of new projects in the pipeline and the expected increase in demand from growth markets, particularly in China, due to rising wealth levels and consumerism.

## FINANCIAL HIGHLIGHTS

	Three months ended		Twelve months ended	
	December 31	December 31	December 31	December 31
In millions of U.S. dollars, except carats or otherwise noted	2020	2019	2020	2019
Revenues	\$ 42.4	\$ 56.0	\$ 125.3	\$ 192.5
Net income (loss) for the period	(3.9)	8.7	(26.3)	12.7
Earnings (loss) per share (basic and diluted)	(0.01)	0.02	(0.07)	0.03
Operating cash flow per share*	0.02	0.05	0.04	0.15
Cash on hand	4.9	11.2	4.9	11.2
Amounts drawn on the working capital facility	30.5	-	30.5	-
Average price per carat sold (\$/carat)*	402	568	335	468
Operating expenses per carat sold (\$/carat)*	205	209	194	189
Operating margin per carat sold (\$/carat)*	196	359	141	279
Carats sold	105,648	98,547	373,748	411,732

(\* ) Operating cash flow per share before working capital adjustments, average price per carat sold, operating expenses per carat sold and operating margin per carat sold are Non-IFRS measures.

#### QUARTERLY RESULTS OF OPERATIONS - KAROWE MINE, BOTSWANA

	UNIT	Q4-20	Q3-20	Q2-20 <sup>(1)</sup>	Q1-20
<b>Sales</b>					
Revenues generated from the sale of Karowe diamonds in the quarter	US\$M	42.3	41.2	7.3	33.8
Carats recovered from Karowe sold for revenues recognized during the quarter	Carats	105,329	112,741	68,861	86,911
Average price per carat for proceeds received during the quarter	US\$	401	366	107	393
<b>Production</b>					
Tonnes mined (ore)	Tonnes	748,296	678,110	683,282	878,110
Tonnes mined (waste)	Tonnes	434,082	436,781	591,804	1,191,110
Tonnes processed	Tonnes	684,768	646,447	705,421	639,110
Average grade processed	cpht (*)	14.6	13.8	14.3	14.3
Carats recovered	Carats	100,059	88,909	101,203	91,511
<b>Costs</b>					
Operating costs per carats sold (see Non-IFRS measures)	US\$	205	192	174	201
Sustaining capital expenditures	US\$M	4.4	4.7	3.7	2.4
Underground expansion project	US\$M	8.3	4.8	3.9	1.7
(*) carats per hundred tonnes					

(1) During the three months ended June 30, 2020 the Company made a decision to withhold from sale all +10.8 carat stones due to market uncertainty arising from the global pandemic. As a result, the quarterly revenue recognized during Q2 2020 and the average price per carat sold are not directly comparable to the other quarterly results presented in the table above.

(2) Carats recovered during the period included 273 carats recovered from re-processing historic recovery tailings from previous milling and are excluded from the average grade processed.

#### 2021 OUTLOOK

This section provides management's production and cost estimates for 2021. These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements.

Karowe Mine (all amounts in US Dollars)	Full Year 2021
Diamond revenue	\$180 million to \$210 million
Diamond sales	350,000 carats to 390,000 carats
Diamonds recovered	340,000 carats to 370,000 carats
Tonnes mined - Ore	2.8 million to 3.2 million
Tonnes mined - Waste	2.8 million to 3.4 million
Tonnes processed - Ore	2.6 million to 2.9 million
Total operating cash costs per tonne processed (including (a) to (b) below):	\$28.00 to \$32.00
(a) Cash cost per tonne mined (ore and waste)	\$5.00 to \$5.50
(b) Cash cost per tonne processed	\$11.15 to \$12.15
Botswana G&A expenses, including sales and marketing, per tonne processed	\$3.00 to \$4.00
Tax rate	0% to 25%
Average exchange rate - USD/Pula	11.0

In 2021, the Company's revenue forecast incorporates an increase in the proportion of carats recovered from the higher value M/PK(S) and EM/PK(S) units within the South Lobe in accordance with the mine plan. The assumptions for carats recovered and sold are consistent with achieved performance in recent years. The number of tonnes processed is also consistent with recent achievements, noting that actual tonnes processed in 2020 was lower than 2019 due to several multi-day shut-downs for upgrades within the XRT recovery circuit. Waste tonnes that were deferred in 2020 as a cost saving measure are expected to be caught up in 2022 and 2023. The estimated processing cost per tonne processed is lower than previous years, reflecting a combination of strong operating performance in the plant and insourcing of the process plant contract in 2020.

The proposed underground expansion at the Karowe Mine has an estimated capital cost of \$514 million and a five year development period. An investment decision, subject to receipt of all required authorizations and the arrangement of financing, is expected in H2 2021. The year one capital spend on the expansion program is expected to be \$105 million. Until financing can be arranged and an investment decision is made, a limited amount of funding has been approved for H1 2021, based on the Company's ability to fund the initial capital expenditures from operating cash flow. Similar to the 2020 program, the 2021 program will focus on early works, including detailed engineering and design work, with the objective of mitigating key risks related to the development schedule.

Lucara Botswana's progressive tax rate computation allows for the immediate deduction of operating costs, including capital expenditures, in the year in which they are incurred. Based on 2021 revenue guidance of \$180 million to \$210 million and assuming the underground development expenditures are incurred, the expected tax rate will be 0% for 2021. Changes to the timing and amount of capital expenditures may result in a rate of up to 25% for 2021.

Sustaining capital and project expenditures are expected to be up to \$21.0 million in 2021, including expenditures associated with further upgrades to the XRT recovery circuit to create redundancy in the Large Diamond Recovery circuit and implementation of body scanning technology (to enhance security) which had originally been planned for 2020 but was delayed whilst regulatory approval was pending (required approvals were received in Q4 2020).

Proceeds from two unique collaboration agreements with Louis Vuitton and HB, both entered into in 2020, are expected to be realized in 2021. The objective of the collaboration agreements is to create a high jewellery collection from the historic 1,758 carat "Sewelô", the largest diamond ever mined in Botswana, and the 549 carat "Sethunya".

## CONFERENCE CALL

The Company will host a conference call and webcast to discuss the results on Tuesday, February 23, 2021 at 7:00 a.m. Pacific, 10:00 a.m. Eastern, 3:00 p.m. UK, 4:00 p.m. CET. Please call in 10 minutes before the conference call starts and stay on the line (an operator will be available to assist you).

Conference ID:  
55915704 / Lucara Diamond

Dial-In Numbers:

Toll-Free Participant Dial-In North America (+1) 888 390 0546

UK Toll free 0 800 652 2435

All Other International Participant Dial-In (+1) 778 383 7413

Webcast:

To view the live webcast presentation, please log on using this direct link:

[https://produceredition.webcasts.com/starthere.jsp?ei=1429054&tp\\_key=0487cf5667](https://produceredition.webcasts.com/starthere.jsp?ei=1429054&tp_key=0487cf5667)

The presentation slideshow will also be available in PDF format for download from the Lucara website [www.lucaradiamond.com](http://www.lucaradiamond.com) shortly before the conference call.

Conference Replay:

A replay of the telephone conference will be available two hours after the completion of the call until March 2, 2021.

Replay number (Toll Free North America) (+1) 888 390 0541

Replay number (International) (+1) 416 764 8677

The pass code for the replay is: 915704 #.

On behalf of the Board,

Eira Thomas  
President and Chief Executive Officer

Follow Lucara Diamond on Facebook, Twitter, Instagram, and LinkedIn

## 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 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 February 22, 2021 at 2:15pm Pacific Time.

## NON-IFRS MEASURES

This news release refers to certain financial measures, such as operating cash flow per share, adjusted EBITDA, average price per carat sold, operating cost per carat sold, operating margin per carat sold and operating cost per tonne of ore processed which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. These measures may differ from those made by other corporations and accordingly may not be comparable to such measures as reported by other corporations. These measures have been derived from the Company's financial statements, and applied on a consistent basis, because the Company believes they are of assistance in the understanding of the results of operations and financial position. Please refer to the Company's MD&A for the fourth quarter, 2020 for an explanation of non-IFRS measures used.

## 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.

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.

In particular, this release may contain forward looking information pertaining to the following: the impact of COVID-19 pandemic on the Company's operations and cash flows and its plans with respect to the Karowe underground expansion project; the estimates of the Company's mineral reserves and resources; estimates of the Company's production and sales volumes for the Karowe Diamond Mine; estimated costs for capital expenditures related to the Karowe Diamond Mine; production costs; exploration and development expenditures and reclamation costs; expectation of diamond prices and the potential for the supply agreement with HB to achieve both higher prices from the sale of polished diamonds and to provide more regular cash flow than in previous periods; estimates of variable consideration receivable pursuant to the HB Antwerp supply agreement; changes to foreign currency exchange rates; assumptions and expectations related to the possible development of an underground mining operation at Karowe including associated capital costs, financing strategies and timing; expectations in respect of the development and functionality of the technology related to the Clara platform, the intended benefits and performance of the Clara platform, including ability to complete sales without viewing diamonds, the growth of the Clara platform, the timing and frequency of sales on the Clara Platform, and the quantum and timing of participation of third parties on the Clara platform; expectations regarding the need to raise capital and its availability; possible impacts of disputes or litigation; and other risks and uncertainties described under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form available at <http://www.sedar.com> (the "AIF").

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 "COVID-19 Global Pandemic" in the Company's most recent MD&A and under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form, both available at <http://www.sedar.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, 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.

SOURCE [Lucara Diamond Corp.](#)

#### Contact

Investor Relations & Communications, +1 604 674 0272 | [info@lucaradiamond.com](mailto:info@lucaradiamond.com); Sweden: Robert Eriksson, Investor Relations & Public Relations, +46 701 112615 | [reriksson@rive6.ch](mailto:reriksson@rive6.ch); UK Public Relations: Emily Moss / Jos Simson, Tavistock, +44 778 855 4035 | [lucara@tavistock.co.uk](mailto:lucara@tavistock.co.uk)

---

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/375598--Lucara-Diamond-Corp.-Announces-Strong-Q4-2020-Sales-and-Operational-Results.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

---

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!  
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).