

Lucara Announces Successful Execution Of Amended Facilities Agreement; Karowe Underground Expansion Project Remains Fully Financed

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VANCOUVER, Jan. 9, 2024 - [Lucara Diamond Corp.](#) ("Lucara" or the "Company") (TSX: LUC) (BSE: LUC) (Nasdaq Stockholm: LUC) is pleased to announce that it has signed amended documentation in relation to the senior secured project financing debt package of US\$220 million (the "Facilities") executed in July 2021. While the total quantum of the Facilities has not changed, the repayment profile has been extended in line with the rebase schedule released July 17, 2023 (link). Lucara expects to continue to develop the Karowe underground expansion (the "UGP") using funds from the Project Loan (as hereinafter defined), combined with projected excess cash flow from Karowe open pit mine operations and stockpiles processed during the underground construction period. Parties to the Facilities remain Lucara Botswana Proprietary Limited ("Lucara Botswana") as the Borrower and a syndicate of five international financial institutions: African Export-Import Bank (Afreximbank), Africa Finance Corp., ING, Natixis, and Societe Generale, London Branch. Afraximbank acts as Facility Agent in connection with the Facilities.

The Company's debt package consists of two facilities, a project finance facility of \$190 million (previously \$170 million) to fund the development of an UGP at the Karowe Mine (the "Project Loan"), and a \$30 million (previously \$50 million) senior secured working capital facility (the "WCF") which is used to support ongoing operations. The Company has drawn \$125 million from the Project Loan and \$15 million from the WCF. The balance in the cost overrun reserve account (the "CORA") stands at \$33.6 million. All currency figures are in U.S. Dollars, unless otherwise stated.

William Lamb, President and CEO commented: "The recent signing of the amended facilities agreement for the Karowe mine's underground development project marks a significant step in our company's exciting transformation. This achievement continues to underscore the exceptional quality of the Karowe asset. The adjusting repayment schedule aligns with the expected cash flow from the underground production profile, where we are set to process the most valuable ore from the underground expansion in the first three years of operations. With the solid financial backing from our largest shareholder, who has provided interim funding and guarantees, we can confirm that the underground expansion project is fully funded. Our dedicated team, combined with the support of our strategic shareholder, positions us to create substantial value for our shareholders through the Karowe mine's underground development project."

Key terms of the Project Loan:

- Up to \$190 million provided to fund the development, construction costs and construction phase operating costs of the UGP as well as financing costs in relation to the Facilities;
- 8 year maturity, to June 30, 2031, with quarterly repayments commencing on September 30, 2028;
- Interest rate and Margin: LIBOR (or replacement benchmark) plus margin of 6.5% annually from Rebase Date to the Project Completion, 6.0% annually from Project Completion to June 30, 2029, and 7.0% annually thereafter;
- Commitment Fee: Lucara Botswana to pay 35% of the Margin per annum applicable to the Project Loan Facility on the Available Commitment for the Project Loan Facility;
- CORA: Amount of \$61.7 million to be funded by June 30, 2025;
- First ranking security over all assets of the Borrower on a fixed and floating basis, as well as all shares in and shareholder loans into the Borrower and all shares in and shareholder loans into the intermediary companies between the Sponsor and the Borrower;
- The project facility will require interest rate hedging of at least 75% of the Borrower's exposure to be arranged as a condition subsequent to Financial Close;
- Positive and negative covenants, including financial ratios, as well as events of default and a cash flow waterfall customary to a financing of this nature are set out in the amended Facilities agreement.

Key terms of the WCF:

- Up to \$30 million for a senior, secured WCF for working capital and other corporate purposes of the Borrower;
- Interest rate and Margin: LIBOR (or replacement benchmark) plus margin of 6.5% annually for the period commencing from the date of the amendment to Projection Completion, 6.25% from Project Completion to June 30, 2029, and 7.25% annually thereafter;
- Commitment Fee: Lucara Botswana to pay 35% of the Margin per annum applicable to the Working Capital Facility on the Available Commitment for the Working Capital Facility.

Shareholder Undertaking from Nemesia

In connection with the amended Facilities, the Company's largest shareholder, Nemesia S.a.r.l. ("Nemesia"), has agreed to enter into a shareholder guarantee and an amendment to the shareholder standby undertaking, in favor of the Lenders of up to \$63.0 million in aggregate (collectively, the "Shareholder Guarantees"), which will support the UGP expansion if the projected cash flows from Karowe operations, combined with funds available from the Project Loan, are insufficient. The Shareholder Guarantees may also be drawn in the event of a shortfall in the Company's ability to fund the CORA by June 30, 2025. As consideration for providing the Shareholder Guarantees and subject to receipt of all required regulatory approvals, the Company will issue 1,900,000 common shares to Nemesia, subject to receipt of TSX approval and a further 7,500 common shares per \$500,000 drawn, calculated monthly, should any amount be drawn under the Shareholder Guarantees, subject to TSX and other regulatory approvals (the "Nemesia Consideration").

Nemesia is an insider of the Company, and the Shareholder Guarantees and corresponding issuance of the Nemesia Consideration (collectively, the "Transaction") is considered a "related party transaction" pursuant to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). All of the Company's board of directors (the "Board") and all of the Company's "independent directors" (as determined in accordance with Part 7 of MI 61-101) have unanimously determined that the Transaction is advisable and in the best interests of the Company, and that the Transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to the "financial hardship" exemptions provided, respectively, under Section 5.5(g) and 5.7(1)(e) of MI 61-101.

A material change report in respect of the signing of the loan documentation in relation to the amended Facilities, including the provision of the Shareholder Guarantees, will be filed in accordance with MI 61-101, but is not expected to be filed 21 days in advance of the closing of the Facilities as the Company wanted to close the Facilities on an expedited basis for sound business reasons.

Norton Rose Fulbright acted as legal counsel to the Company with support from Lawrence Khupe Attorneys in Botswana. Mayer Brown LLP acted as legal counsel for the MLAs with support from the Botswana law firm Armstrongs.

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 January 9, 2024 at 3:30pm 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.

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, forward-looking information and forward-looking statements in this news release may include, but are not limited to, expectations regarding the funds to be used for the development of the UGP; the ultimate use of proceeds from the Facilities and the use of the Shareholder Guarantees; receipt of regulatory approvals for the issuance of common shares to Nemesia in connection with the Shareholder Guarantees; the issuance of common shares to Nemesia; and whether any amounts will be drawn under the Shareholder Guarantees.

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, Economic and Geopolitical Risks" 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.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.

SOURCE [Lucara Diamond Corp.](#)

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