

Lucara Diamond Corp. Announces Q1 2025 Results

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[Lucara Diamond Corp.](#) ("Lucara" or the "Company") (TSX: LUC) (BSE: LUC) (Nasdaq FNGM: LUC) today reports its results for the quarter ended March 31, 2025. All amounts are in U.S. dollars unless otherwise noted. PDF Version.

Q1 2025 HIGHLIGHTS

- In Q1 2025, the Company's revenue decreased to \$30.3 million compared to \$39.5 million in Q1 2024, primarily due to fewer carats sold (Q1 2025: 72,871 carats, Q1 2024: 93,560 carats), which resulted from having to process lower-grade stockpile material because of unusually high January rainfall affecting mining in the open pit; and from mining a higher proportion of lower-grade M/PK(S)¹ ore than planned higher-grade EM/PK(S)² ore. Lower grade M/PK(S) was mined due to a shift in the contact between the two kimberlites. These factors resulted in the Company's 2025 revenue guidance being revised to \$150 - \$160 million. This lower revenue outlook has led management to assess the Company's ability to continue as a going concern, with concerns raised about sufficient working capital, cash flow from operations, and liquidity to meet obligations and ongoing UGP development.
- Subsequent to Q1 2025, the lenders approved a draw of up to \$28.0 million from the Cost Overrun Reserve Account ("CORA") in exchange for the Company's largest shareholder, Nemesia S.à.r.l. ("Nemesia"), agreeing to amend the terms of its shareholder standby undertaking to extend it until project completion.
- During Q1 2025, the Company recovered six stones over 100 carats including the recovery of a 1,476 carat non-gem diamond. The 1,476 carat non-gem diamond was sold on tender for \$1.11 million.
- The recovery of 139 Specials (defined as rough diamonds larger than 10.8 carats) (Q1 2024: 160 Specials) equated to 5.6% (Q1 2024: 5.1%) by weight of the total carats recovered from direct ore feed in Q1 2025.
- Significant progress was made in the lateral development connecting the two shafts. During Q1 2025, 230 metres ("m") of lateral development were completed on the production shaft and 83 m were completed on the ventilation shaft. At the end of Q1 2025, the production shaft had reached 731 metres below surface ("mbs") out of a planned final depth of 770 mbs. The ventilation shaft reached 680 mbs out of a planned final depth of 722 mbs.
- A total of 93,716 carats were recovered in Q1 2025; 90,500 carats were from direct ore feed from the pit and stockpiles, at a recovered grade of 13.4 carats per hundred tonnes ("cpht") and an additional 3,216 carats were recovered from processing of historical recovery tailings.
- Operational highlights from the Karowe Mine included:
 - Ore mined of 0.4 million tonnes ("Mt") (Q1 2024: 0.8Mt). Ore mined in Q1 2025 was lower due to high rainfall in January which temporarily reduced access to the scheduled ore blocks.
 - 0.7Mt of ore processed (Q1 2024: 0.7Mt).
- Financial highlights for Q1 2025 included:
 - Operating margins of 54% were achieved, consistent with Q1 2024, as both revenues and operating expenses decreased by 23%, resulting in consistent margins between the quarters.
 - Operating cost per tonne processed was \$23.41 per tonne, a 10% decrease compared to the Q1 2024 cost per tonne processed of \$26.00 due to a lower volume of waste mined in Q1 2025. The continued impact of inflationary pressures, particularly labour, has been well managed by the operation. Operating cost per tonne processed is a non-IFRS measure.
- Cash position and liquidity as at March 31, 2025:
 - \$18.7 million of cash and \$18.0 million of working capital (current assets less current liabilities).
 - \$190.0 million has been fully drawn from the project finance facility ("Project Facility") for the UGP, along with \$30.0 million fully drawn from the working capital facility ("WCF").
 - CORA balance of \$50.5 million.

¹ M/PK(S): Magmatic/Pyroclastic Kimberlite (South)

² EM/PK(S): Eastern Magmatic/Pyroclastic Kimberlite (South)

William Lamb, President & CEO commented: "The Karowe Diamond Mine continues to demonstrate its potential with the recovery of our seventh 1,000+ carat diamond. While production in the quarter was impacted by higher-than-normal rainfall, we maintained a consistent recovery of Specials, reinforcing Lucara's expertise in this challenging operational environment."

The underground project at Karowe is progressing, with advancements in shaft connecting lateral development during the quarter. Surface infrastructure construction progressed as planned. We anticipate reaching shaft bottom in the coming months, though we remain mindful of the complexity inherent in such major development projects.

As we navigate the transition from open pit to underground operations, shareholders are reminded that 2026 and 2027 will present significant challenges, with production relying primarily on lower-value stockpile material. This interim period will require careful management of resources and expectations until the underground project begins contributing to our production profile.

Lucara remains focused on prudently managing this crucial transition phase while continuing our commitment to recovering high-quality diamonds, though we recognize the path ahead involves navigating considerable operational and financial adjustments before we can realize the full potential of our underground resources."

GOING CONCERN

Management has assessed the Company's ability to continue as a going concern for at least twelve months from March 31, 2025. Based on this assessment, including the impact of revisions to revenue guidance for 2025, the Company estimates that its working capital as at March 31, 2025, cash flow from operations, and other committed sources of liquidity will not be sufficient to meet its obligations, commitments, and planned expenditures. These conditions cast significant doubt on the Company's ability to continue as a going concern.

As the Project Facility and WCF are fully drawn, UGP completion will require utilizing working capital generated from existing mining operations, access to the CORA and guarantees and securing additional financing. Under the terms of the Project Facility, Nemesia provided a limited standby undertaking of up to \$63.0 million. The standby undertaking consists of two components: i) \$28.0 million component is for the undertaking to support the requirement to fill the CORA to \$61.7 million by June 30, 2025 and; ii) \$35.0 million component is for a funding shortfall guarantee in support for the UGP completion. On April 3, 2025, the lenders approved the Company to draw up to \$28.0 million from the CORA to fund the UGP construction in exchange for Nemesia amending the terms of its shareholder standby undertaking, including extending this undertaking until project completion. The Company continues to develop plans to raise additional debt or equity financing required for UGP completion. While the Company has previously been successful in raising debt and equity financing, future fundraising efforts may not succeed or may fall short of the required amounts.

DIAMOND MARKET

The long-term outlook for natural diamond prices remains cautious as the market continues to navigate structural shifts. While earlier price corrections, particularly in smaller sizes, were driven by subdued demand and increased supply, the market showed signs of improvement in March. Smaller goods have stabilized in pricing partially due to influences on supply. Global natural diamond production is forecasted to decrease, following significant production guidance cuts by both Alrosa and De Beers. Stronger demand for rough diamonds has been observed in 2025, fueled by rising competition and a shift in preferences. The cautious recovery may be supported by increasing demand for larger diamonds due to reduction in global production.

Prices of laboratory-grown diamonds have continued to decrease in 2025 with production outweighing demand. Although De Beers and Alrosa's recent price adjustments have yet to affect demand, they may result in market responsiveness and price stability. As the industry moves into the second quarter of 2025, the return of strategic buying behaviour and disciplined inventory management suggests potential for a healthier diamond market ahead.

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 EM/PK(S) unit. The UGP has the potential 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). At March 31, 2025, capital expenditures of \$380.0 million had been incurred and further capital commitments of \$77.9 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 to provide mill feed until the end of the year. Stockpiled material (North, Centre, South Lobe) from working stockpiles and life-of-mine stockpiles is expected to provide mill feed through 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 Company continues to explore opportunities to further mitigate the impact on the financial model.

During Q1 2025, the UGP achieved a twelve-month rolling Total Recordable Injury Frequency Rate of 0.64. The UGP to date Total Recordable Injury Frequency Rate up to March 31, 2025 was 0.58.

A total of \$19.2 million was spent on the UGP in Q1 2025 for the following shaft, lateral development, surface infrastructure and station development:

The ventilation shaft Q1 2025 developments:

- Reached a depth of 680 mbs compared to a final depth of 722 mbs.
- Completed 83 m of lateral development at the 335-level³.
- Completed bulk excavation of 596 cubic meters ("m3").

³ Each level is equivalent to a metre above sea level.

The production shaft Q1 2025 developments:

- Continued 285-level station (731 mbs) development.
- Completed 230 m of lateral development.
- Completed bulk excavation of 630 m³.

Related infrastructure Q1 2025 developments:

- Continued the adjudication and review of underground lateral development tender documents.
- Continued winder building structure construction with cladding and overhead crane installation. Construction of the winder driver's cabin commenced.
- Continued earthworks and civil works on the evaporation pond, and updated the water model.
- Commenced procurement of underground equipment, including an additional Load, Haul, Dump vehicle for the production shaft station 285-level development.
- Advanced mining engineering with a focus on underground infrastructure and finalizing drilling level plans.

Activities planned for the UGP in Q2 2025 include the following:
Production shaft:

- 285-level station development below the Fine Ore Bins.
- Continue with the development of the 310-level ramp and 240-level ramp to the production shaft bottom.
- Commence sink to shaft bottom at the 245-level.

Ventilation shaft:

- Completion of the 335-level station development.
- Completion of the top of Fine Ore Bin bulk excavations.

FINANCIAL HIGHLIGHTS - Q1 2025

	Three months ended March 31,	
In millions of U.S. dollars, except carats sold	2025	2024
Revenues	\$ 30.3	\$ 39.5
Operating expenses	(14.0)	(18.3)
Net loss from continuing operations	(0.1)	(7.0)
Net loss from discontinued operations	-	(1.0)
Loss per share from continuing operations (basic and diluted)	(0.00)	(0.02)
Cash	18.7	13.2
CORA	50.5	37.0
Amounts drawn on WCF	30.0	25.0
Amounts drawn on Project Facility	\$ 190.0	\$ 140.0
Carats sold	72,871	93,560

QUARTERLY SALES RESULTS

	Three months ended March 31,	
In millions of U.S. dollars	2025	2024
Sales Channel		
HB	\$ 19.3	\$ 23.3
Tender	9.3	13.0
Clara	1.7	3.2
Total Revenue	\$ 30.3	\$ 39.5

HB

For the three months ended March 31, 2025, the Company recognized revenue of \$19.3 million from HB, compared to \$23.3 million for the same period in 2024. Revenue from HB accounted for 64% of total revenue recognized in Q1 2025, up from 59% in Q1 2024. This revenue includes "top-up" and "top-down" payments, which are made to the Company when the final polished diamond sales price differs from the estimated initial polished value. HB revenue decreased in Q1 2025 due to a lower volume of carats sold. As of March 31, 2025, the Company had \$12.0 million in current trade receivables from HB.

Tender & Clara

For the three months ended March 31, 2025, tender sales totaled \$9.3 million, compared to \$13.0 million in Q1 2024, while Clara sales totaled \$1.7 million, down from \$3.2 million in Q1 2024. Overall, a lower volume of carats was sold through both the Clara platform and tender compared to Q1 2024 as both sales channels had a similar average dollar-per-carat sales values compared to 2024.

QUARTERLY RESULTS FROM OPERATIONS - KAROWE MINE

		Q1-25	Q4-24	Q3-24	Q2-24	Q1-24
Sales						
Revenues	\$M	30.3	78.8	44.3	41.3	39.5
Carats sold	Carats	72,871	112,615	116,221	76,388	93,560
Production						
Tonnes mined (ore)	Tonnes	390,539	646,288	845,594	699,846	809,999
Tonnes mined (waste)	Tonnes	35,288	119,919	192,308	245,006	386,849
Tonnes processed	Tonnes	676,626	716,936	720,524	714,301	698,870
Average grade processed ⁽¹⁾	cpht (*)	13.4	12.7	13.4	12.9	11.7
Carats recovered ⁽¹⁾	Carats	90,500	91,046	96,597	92,419	81,611
Costs						
Operating cost per tonne of ore processed ⁽²⁾	\$	23.41	31.52	27.34	26.32	26.00
Capital Expenditures						
Sustaining capital expenditures	\$M	0.5	5.5	2.0	3.4	1.8
Underground project ⁽³⁾	\$M	19.2	17.8	17.7	11.2	17.9

(*) Carats per hundred tonnes

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

(2) Operating cost per tonne of ore processed is a non-IFRS measure. See Table 6 in the Q1 2025 MD&A.

(3) Excludes qualifying borrowing cost capitalized.

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.

Diamond revenue, diamond sales and diamonds recovered guidance has been revised from the 2025 guidance news release dated December 3, 2024. During Q1 2025, the Company mined and will continue to mine for the remainder of the year a higher proportion of M/PK(S) ore and less higher-grade EM/PK(S) ore

than initially planned due to a shift in the contact between the two kimberlites at current mining levels. This results in lower EM/PK(S) milled tonnes which have historically produced higher volumes of larger, higher quality diamonds and decreases expected revenue for the remaining eight months of the open pit. The revised 2025 revenue guidance excludes the sale of the 2,488 carat Motswedi.

Karowe Diamond Mine	Revised 2025	2025
In millions of U.S. dollars unless otherwise noted	Full Year	Full Year
Revised Diamond revenue (millions)	\$150 to \$160	\$195 to \$225
Revised Diamond sales (thousands of carats)	340 to 370	400 to 420
Revised Diamonds recovered (thousands of carats)	330 to 360	360 to 400
Ore tonnes mined (millions)	1.6 to 2.0	1.6 to 2.0
Waste tonnes mined (millions)	Up to 0.2	Up to 0.2
Ore tonnes processed (millions)	2.6 to 2.9	2.6 to 2.9
Total operating cash costs ⁽¹⁾ including waste mined (per tonne processed)	\$28.50 to \$31.00	\$28.50 to \$31.00
Underground Project	Up to \$115 million	Up to \$115 million
Sustaining capital	Up to \$13 million	Up to \$13 million
Average exchange rate - Botswana Pula per United States Dollar	13.0	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, including both recovery grade and diamond quality, which may influence the revenue guidance for 2025.

In 2025, the Company expects to mine between 1.8 and 2.2 million ore tonnes including waste. Mined ore will be processed in combination with stockpiled material 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 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 underground development has the potential 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 are also expected to be completed in 2025.

Sustaining capital is 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 could 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). The development of the 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 May 9, 2025, at 6:00 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", "strategy", "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.

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 and statements 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 UGP, diamond sales, production and outlook disclosure under "2025 Outlook", the Company's ability to meet its obligations under the Rebase Amendments with its Lenders, the impact of supply and demand of rough or polished diamonds, estimated capital costs, 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, including the determination of the boundary between South Lobe M/PK(S) and EM/PK(S) domains due to the significant grade difference between these two domains, 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 instruments, currency exchange rates, rates of inflation, credit risk, price risk, requirements for and availability of additional capital, capital expenditures, operating costs, production and cost estimates, tax rates, timing of drill programs, government regulation of operations, environmental risks and the Company's ability to comply with all environmental regulations, reclamation expenses, title matters including disputes or claims,

limitations on insurance coverage, 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. While these factors and assumptions are considered reasonable by the Company as at the date of this press release in light of management's experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking information and undue reliance should not be placed on such information. Such factors include, but are not limited to: the timing, scope and cost of additional grouting events at the UGP, the Company's ability to comply with the terms of the Facilities which are required to construct the UGP, including future funding requirements to the CORA, that expected cash flow from operations, combined with external financing will be sufficient to complete construction of the UGP, that the estimated timelines to achieve mine ramp up and full production from the UGP can be achieved, that sufficient stockpiled ore of a sufficient grade and value will be available to generate revenue prior to the achievement of commercial production of the Karowe underground mine, the economic potential of a mineralized area, the size and tonnage of a mineralized area, anticipated sample grades or bulk sample diamond content, expectations that the UGP and the pit steepening project 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 UGP.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The foregoing is not exhaustive of the factors that may affect any of our 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 correct. Accordingly, readers and investors should not place undue reliance on forward-looking statements.

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.

SOURCE Lucara Diamond Corp.

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