Lucara Diamond Corp. Announces Updated Feasibility Study For Karowe Underground Project

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Lucara Diamond Corp. ("Lucara" or the "Company") (TSX: LUC), (BSE: LUC), (Nasdaq FNGM: LUC) is pleased to announce the results of an updated technical report (the "Report") for the updated Feasibility Study ("FS" or "Study"), prepared in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") on its Underground Project ("UGP" or "Project") at the Karowe Diamond Mine ("Karowe") located in Botswana. The Report is titled "Karowe Mine - Botswana 2025 Feasibility Study Technical Report", with an effective date of September 30, 2025, and was prepared for Lucara by JDS Energy & Mining Inc. ("JDS"). The Report will be available under the Company's profile on SEDAR+ at www.sedarplus.ca and from the Company's website at www.lucaradiamond.com within 45 days of this news release. PDF Version

Karowe is located in north-central Botswana, one of the world's most prolific diamond producing areas, and is a unique producer of large, high value Type IIa diamonds. Karowe is the only diamond mine in the world to have recovered nine diamonds in excess of 1,000 carats in weight. The UGP at Karowe is expected to extend the mine life, as confirmed previously in the published 2023 underground feasibility study ("2023 FS"), and to generate revenue and cashflow to 2038, extending benefits to the Company, its employees, shareholders, communities surrounding the mine, and to Botswana. The Report provides an update to the 2023 FS and 2021 financed base case to reflect changes to capital expenditure, project schedule, and applied mining technical solutions for the Project. All amounts are in U.S. dollars unless otherwise noted.

UNDERGROUND PROJECT HIGHLIGHTS

- Underground mine life of 10 years; Karowe's South Lobe kimberlite pipe remains open at depth;
- Total Life of Mine ("LOM") diamond recoveries of 4.5 million carats;
- Operational highlights include ~28.5 million tonnes of ore to be mined and ~37.3 million tonnes of ore to be processed;
- Highest value EM/PK(S)[1] unit of the South Lobe is the dominant rock type to be mined over the LOM of the UGP; a significant source of many historically recovered, large high-value diamonds, including the 2,488 carat Motswedi diamond, the 1,109 carat Lesedi La Rona, the 549 carat Sethunya, and more recently the 2,035 carat and 1,019 carat diamonds recovered in July and August 2025, respectively;
- Pre-production capital costs for the UGP until production starts in H1 2028 are estimated at $779 million (over an eight-year pre-production construction and commissioning period), of which more than $436 million has been spent on the Project over five and a half years to date;
- Karowe is expected to generate more than $1.3 billion in net income;
- The after-tax unlevered $NPV_{8\%}$ is $432.1 million, excluding impact of interest deductibility on tax and costs incurred to date.

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[1] EM/PK(S): Eastern Magmatic/Pyroclastic Kimberlite (South)

William Lamb, President and CEO of Lucara, commented: "Lucara is pleased to share the updated Feasibility Study for the Karowe Underground Project, which reinforces our strategic decision to extend mine life and continue to generate benefits for our stakeholders. Karowe is a world-class mine, and we look forward to continuing to recover large, exceptional diamonds from the underground project."

This report is updated from the 2023 FS (link to Press Release) and incorporates the following significant modifications:

- Project construction progress (surface infrastructure and underground development) to September 30, 2025, and in particular the achievement of successfully reaching both production and ventilation shaft bottoms and lateral development connecting the two shafts;
- Revised economic model with updated exchange rates and diamond prices, inclusion of Legacy stone[2] values, exclusion of $436 million in costs incurred to date and update of financing costs;
- Re-baselining the UGP schedule and, as a result, the open pit mine and processing facility production plans;
- Re-estimation of the current operations budgets and project capital and operating cost projections;
- Geological model updates incorporating pit mapping and drillhole data from five core holes (1,781 m) drilled between July and September 2025;
- Hydrogeological and geomechanical model updates;
- Mine design, method, and schedule updates;
- Advancement of detailed engineering designs; and
- Groundwater management on surface.

PROJECT DESCRIPTION

- The UGP is focused on the highest value domain of the South Lobe of the AK6 kimberlite which continues at depth below the open pit;
- The UGP is designed to support the operation of a 2.85 million tonnes per annum underground mine and processing plant;
- An 8.5 metre diameter concrete lined production shaft has been successfully sunk 767 metres to final depth and will be equipped with two cages for primary egress and two 21 tonne skips for hoisting of ore and waste;
- A 6.0 metre diameter concrete lined ventilation shaft has been successfully sunk 729 metres to final depth. The ventilation shaft will be equipped with primary ventilation equipment;
- Bulk mining by Long Hole Shrinkage (LHS) drill and blast mining methods from 310 metres above sea level ("masl") (700 metres below surface) to 490 masl (520 metres below surface), after which geotechnical modelling indicates the kimberlite will cave unassisted to the bottom of the open pit at 665 masl (350 metres below surface);
- Run of Mine ("ROM") material will be mucked from drawpoints at an extraction level at 285 masl and report to an underground jaw crusher and conveyor system which will size and transfer ROM material to the shaft skips. Surface conveyors and rehandling equipment will transfer crushed ROM ore and waste to the plant and waste dumps, respectively;
- The Company anticipates that the remaining pre-production capital costs of $343.2 million will be funded through a combination of operating cash flow, as well as new equity/debt financing. The Company is collaborating with existing lenders and the major shareholder to consider its financing options.

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[2] Legacy stones are defined as stones that sold for over $5 million.

KEY OPERATIONAL PARAMETERS

Table 1: Key Operational Projections

Item	Value
Underground ore tonnes mined (millions)	28.5
Processed tonnes (millions)	37.3
Diamond reserve grade (carats per hundred tonne or "cpht")	12.2
Recovered carats (millions)	4.5
Diamond revenue ($ millions)	3,365
Mine life (years)	~10 years

Source: 2025 FS

Production from the underground is planned after open pit operations have been completed and the Company will rely on the processing of stockpiled material during the latter part of the underground development and ramp-up to full production in H1 2028.

The results of the FS represent forward-looking information that are subject to a number of risks, uncertainties and other factors that may cause results to differ materially from those presented here (See "Cautionary Note Regarding Forward Looking Statements" below).

OPERATING AND CAPITAL COST ESTIMATES

The mine operating cost estimate for the Karowe Project is based on actual cost data, reference projects, first principle calculations, budgetary quotes, and factors as appropriate for a FS.

Table 2: Summary of Operating Cost Estimate

Operating Costs	Average Annual[1]	Life of Mine	Tonnes Processed[2]	Unit Cost per tonne Processed	Weight
	(M$)	(M$)	(Mt)	($/t)	(%)
Open Pit Mining[3]	10.2	20.3	1.1	18.0	2
Underground Mining	42.7	427.3	28.5	15.0	32
Rehandle	3.8	19.3	7.6	2.5	1
Process	24.7	345.3	37.3	9.3	26
Other Power (including processing)	7.1	99.2	37.3	2.7	8
G&A	18.5	259.1	37.3	6.9	20
Cost of Sales	3.6	49.8	37.3	1.3	4
Corporate Charges (Botswana)	6.8	95.0	37.3	2.5	7
Total/Annual Average	94.0	1,315.4	37.3	35.3	100

Notes:

[1] Average cost per year in which costs occur.

[2] Tonnes processed in relation to operating cost.

[3] Open pit mining costs include demobilization in 2026.

Source: 2025 FS

The capital cost estimate was prepared using a combination of first principles, benchmarking against similar projects and using vendor/contractor provided quotes where possible. The estimate is derived from engineers, contractors, and suppliers who have provided similar services to existing operations and have demonstrated success in executing the plans set forth in the FS.

Table 3: Capital Cost Summary

Capital Costs	Pre-Production			Sustaining	LOM Total	Weight
	Incurred*	To Completion	Subtotal	(M$)	(M$)	(%)
	(M$)	(M$)	(M$)			
Mining	254.6	183.9	438.5	59.4	497.9	53
Site Development	17.6	3.8	21.4	6.8	28.2	3
Tailings and Mine Waste	0.0	0.0	0.0	42.4	42.4	5
On-site Infrastructure	11.6	0.2	11.8	92.2	104.0	11
Buildings and Facilities	2.5	0.7	3.3	0.0	3.3	0
Off-site Infrastructure	27.0	0.0	27.0	0.0	27.0	3
Project Indirects	15.9	10.6	26.5	2.6	29.1	3
Owner Costs	106.8	91.6	198.4	0.8	199.2	21
Subtotal	436.0	290.8	726.8	204.1	930.9	100
Contingency	0.0	52.4	52.4	7.0	59.3	
Closure	0.0	0.0	0.0	29.9	29.9	
Total Capital Costs	436.0	343.2	779.2	240.9	1,020.1	

Notes:

*excluded in economic analysis

Source: 2025 FS

ECONOMIC ASSUMPTIONS

The main assumptions with respect to the economic model are listed in Table 4. Table 5 shows the baseline diamond prices by kimberlite domain or source.

Table 4: Economic Assumptions

Item	Unit	Value
BWP:US$ FX	BWP:US$	14.0
ZAR:US$ FX	ZAR:US$	17.5

Source: 2025 FS

Table 5: Baseline Diamond Prices

Unit	Unit	2025 FS
EM/PK(S)	$/ct	695
M/PK(S)[3]	$/ct	520
LOM & Mixed Stockpiles	$/ct	304

Source: 2025 FS

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[3] M/PK(S): Magmatic/Pyroclastic Kimberlite (South).

Table 6: Legacy Diamond (>$5M) Recovery and Revenue

Unit	Historical >$5M Diamonds Recovered per Million Tonnes Processed	Historical Revenue Earned from >$5M Diamonds per Million Tonnes Processed
South_EM/PK(S)	3.34	$43.0 million
South_M/PK(S)	1.45	$13.7 million

Source: 2025 FS

SENSITIVITIES

A univariate sensitivity analysis was performed to examine which factors most affect the Project economics when acting independently of all other cost and revenue factors. Each variable evaluated was tested using the same percentage range of variation, from -20% to +20%, although some variables may be subject to significantly larger or smaller percentage fluctuations over the LOM. The Project is most sensitive to diamond prices and the least sensitive to capital costs.

Table 7: Sensitivity Results (Post-Tax NPV @ 8%)

Variable	Post-tax $NPV_{8\%}$ (M$)				
	-20% Variance	-10% Variance	Base	+10% Variance	+20% Variance
Diamond Price	248.8	342.6	432.1	518.0	602.4
Mining Cost	457.5	445.0	418.8	404.7	
Processing Cost	454.6	443.6	420.6	408.8	
All Operating Costs	512.1	473.1	388.0	342.2	
Upfront CAPEX	474.3	453.2	411.3	390.5	
Sustaining CAPEX	446.3	439.2	425.0	417.9	
All capital costs	488.1	460.3	404.1	376.1	

Source: 2025 FS

MINERAL RESOURCES

The 2025 Mineral Resource Estimate for Karowe utilizes back-captured and recompiled daily open pit

production data for the period January 2016 to September 2025 to reconcile mineral resource metrics estimated in June 2023 with actual grades, size frequency distributions and sales prices for diamonds recovered from the dominant M/PK(S) and EM/PK(S) domains in the South Lobe. The reconciliation ultimately considers 4,700 ktonnes of pure M/PK(S) and 553 ktonnes of pure EM/PK(S) kimberlite processed during January 2020 to September 2025 to validate and endorse the June 2023 global grade estimates of, respectively, 10.8 and 21.0 carats per hundred tonnes (cpht). Continuity of these global grade estimates for the M/PK(S) and EM/PK(S) domains to a depth of 250 masl (760 metres below surface) was established in prior work, none of which is materially affected by limited drilling completed during Q3, 2025.

Depletion of the Karowe open pit to approximately 715 masl has left North and Centre Lobe kimberlite stranded in locations that are not deemed economically accessible by open pit or underground mining methods at current base case diamond prices. As a result, the remaining North and Centre Lobe kimberlite volumes have been relegated to an Unclassified status and do not appear in the 2025 Mineral Resource Estimate.

The 2025 mineral resources for Karowe, as summarized in Table 8, have been classified as either Indicated or Inferred Mineral Resources, according to CIM Definition Standards for Mineral Resources and Mineral Reserves (CIM, 2014). Mineral Resources reported are inclusive of those portions of the Mineral Resource that have been converted to Mineral Reserves, have an effective date of September 30, 2025 and were prepared by Qualified Person ("QP") Hermanus Grütter, P.Geo, Ph.D.

Table 8: Karowe 2025 Mineral Resource Estimate (effective date of September 30, 2025)

Classification	Domain	Volume (Mm^3)	Tonnes (Mt)	Density (t/m^3)	Carats ('000s ct)	Grade (cpht)	Price ($/ct)
Indicated	South_M/PK(S)	5.28	15.70	2.97	1,696	10.8	520
	South_EM/PK(S)	5.97	17.44	2.92	3,662	21.0	695
Total Indicated		11.25	33.13	2.95	5,358	16.2	639
Inferred	South_M/PK(S)	0.10	0.30	2.97	32	10.5	520
	South_EM/PK(S)	1.39	4.16	3.00	874	20.9	695
	South_KIMB3	0.45	1.20	2.68	131	10.9	
	South_WM/PK(S)	0.13	0.33	2.62	17	5.0	
	South_KIMB4a	0.10	0.30	2.95	45	15.0	
	South_KIMB1	0.07	0.20	2.74	30	15.0	
	South_KIMB5	0.06	0.17	2.96	17	10.0	
	South_KIMB6	0.00	0.01	2.96	2	15.0	
	South_RFW-ALT	0.02	0.04	2.35	4	10.0	
Total Inferred		2.32	6.72	2.9	1,152	17.2	

Notes:

1. Prepared by Hermanus Grütter, P.Geo, Ph.D. of SRK Consulting (Canada) Inc;
2. CIM definitions were followed for Mineral Resources;
3. Effective date of September 30, 2025;
4. All numbers have been rounded to reflect accuracy of the estimate;
5. Mineral Resources are stated above a +1.25 mm bottom cut-off;
6. Average diamond value estimates are based on diamond sales data provided by Lucara;
7. Mineral Resources are in-situ and inclusive of in-situ Mineral Reserves;
8. Mineral Resources are exclusive of all mine stockpile material;
9. Mineral Resources have been estimated with no allowance for mining dilution and mining recovery;
10. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability;
11. Inferred Mineral Resources are estimated on the basis of limited geological evidence and sampling, sufficient to imply but not verify geological grade and continuity. They have a lower level of confidence than that applied to an Indicated Mineral Resource and cannot be directly converted into a Mineral Reserve.

Source: SRK (2025)

MINERAL RESERVES

The effective date for the Mineral Reserve Estimate contained in the updated FS report is September 30, 2025 and was prepared by QP Brandon Chambers, P.Eng. All Mineral Reserves in Table 9 are classified as Probable Mineral Reserves. The Mineral Reserves, except stockpiles, are not in addition to the Mineral Resources, but are a subset thereof.

The QP has not identified any legal, political, or environmental risks that would materially affect potential Mineral Reserves development.

Table 9: Karowe Mineral Reserve Estimate (effective date of September 30, 2025)

Domain/Source	Reserve Category	Tonnes (Mt)	Carats ('000s ct)	Grade (cpht)	Price ($/ct)
Open Pit					
South_EM/PK(S)	Probable	0.1	25	21.0	695
South_M/PK(S)	Probable	1.0	109	10.8	520
Open Pit	Total	1.1	134	11.9	553
Underground					
South_EM/PK(S)	Probable	14.2	2,429	17.1	695
South_M/PK(S)	Probable	14.3	1,240	8.6	520
Underground	Total	28.5	3,669	12.9	636
Stockpile					
Mixed Stockpile	Probable	4.2	546	13.1	254
Life of Mine	Probable	3.5	198	5.7	442
Stockpile	Total	7.6	745	9.8	304
Combined					
All	Total	37.3	4,547	12.2	579

Notes:

1. Prepared by QP, Brandon Chambers, P.Eng. JDS Energy & Mining Inc.;
2. CIM definitions were followed for Mineral Reserves;
3. Process recovery of the diamonds was assumed to be 100% as the recoveries were included in the mineral resource block model assumptions;
4. The bottom elevation of the Probable Reserve is 250 masl;
5. Mineral Reserves are quoted above a +1.25 mm bottom cut-off diamond size and have been factored to account for diamond losses within the smaller sieve classes expected within the current configuration of the Karowe Mine Process Plant;
6. Average diamond value estimates are based on diamond sales data provided by Lucara; prices were updated in 2025 for actual rough diamond sales over the period 2021 to end 2024, with partial sales data in 2025. The value of legacy diamonds (>US$5M) has been incorporated in the financial model and are in addition to the diamond price estimate;
7. Tonnages are rounded to the nearest 100,000 tonnes, diamond grades are rounded to one decimal place to properly reflect the Reserve estimate accuracy. Rounding may cause minor discrepancies in the Mineral Reserve Estimate;
8. Tonnage and grade measurements are in metric units; contained diamonds are reported as thousands of carats;
9. Open Pit ("OP") Mineral Reserves are estimated at a cut-off value of US$35/t based on an OP mining cost of US$13/t, a processing cost of US$12/t and a G&A cost of US$10/t;
10. Underground ("UG") Mineral Reserves are estimated at a cut-off value of US$37/t based on an UG mining cost of US$15/t, a processing cost of US$12/t and a G&A cost of US$10/t;
11. OP dilution was assumed to be 0% as mining activities are primarily within the kimberlite. OP Mining Recovery of 95% has been assumed to account for potential challenges in achieving final bench elevations;
12. UG dilution assumptions were revised in 2025 as a result of geomechanical cave simulations. A total UG dilution of 23%, or 5.3 Mt has been included in the UG reserve estimate. Internal Inferred domains are included as zero-grade waste. Cave drawdown simulations indicate that mine recovery will be 80% as of December 2037;
13. Stockpile Mineral Reserves are estimated at a cut-off value of US$19.50/t based on a rehandle cost of US$2.50/t, a processing cost of US$12/t and a G&A cost of US$5/t, when processed at the end of mine life;
14. Stockpile Reserves are not included in the Karowe Mineral Resource Estimate, which covered only in-situ mineralized material.
15. Stockpile Reserves are based on surveyed volumes and block model grades; and
16. Stockpile LOM diamond price is determined from the weighted average of the North, Centre, South - M/PK(s), and South - EM/PK(s) lobe ratios. North lobe diamond price is estimated at US$155/ct; Centre lobe diamond price is estimated at US$210/ct.

Source: JDS (2025)

Table 15.1 Stockpile LOM

Karowe has benefited from extensive geotechnical field programs and studies (2018-2025), including field investigations, laboratory testing, numerical modelling, and independent technical reviews performed by various independent engineers. Subsequent to the 2023 FS, updated lithological and structural models were combined with selected geotechnical relogging, and mapping of extensive new exposures of kimberlite and structures within the open pit, to provide a basis for reassessing the cavability of the South Lobe kimberlite.

Both empirical and state-of-the-art numerical modelling were applied by external industry specialists to assess the cavability of the kimberlite pipe, and the overall integrity and performance of the new hybrid mine design. The independent geotechnical QP reviewed and supports the following key findings:

- Whilst the lower levels of the South Lobe would continue to require blast assistance, as per previous studies, from approximately 500 masl upwards, both numerical and empirical assessments have demonstrated that unassisted or free caving will occur. Multiple cave simulations of different mine designs were completed to optimize cave performance;
- The stability of the extraction level was improved in the design by adopting an advanced undercut sequence, which protects extraction level construction from elevated induced stresses, and by changing the extraction level design to an El Teniente layout, with conventional drawbells and larger stronger pillars;
- Owing to the tapered geometry of the South Lobe, some drawpoints in the updated design are located outside the pipe footprint. These will require additional ground support in response to the weaker zones associated with the kimberlite-country rock contact zone, and some associated leached granites. Similarly, some minor kimberlite sub-units are of variable quality, and will also require additional support measures;
- A comprehensive monitoring program has been designed to track the initiation and propagation of caving above the initial blast assisted stopes, through to the cave's ultimate connection to the open pit. The systems will include fracture and displacement monitoring, cavity and airgap surveys, seismic monitoring, and tracking of cave draw;
- A comprehensive Ground Control Management Plan has also been updated with the new design, informing all the detailed ground support designs, along with a Cave Management Plan, which sets out the details around cave performance monitoring and operational responses to a range of possible cave behaviors.

HYDROGEOLOGY

As part of the 2019, 2023 and 2025 FS, detailed hydrogeological models have been prepared to reflect site conditions using hydrogeological borehole data and, most recently, in-shaft groundwater measurements recorded during shaft sinking. The most recent modeling efforts performed in preparation of the 2025 FS update take into account observed groundwater inflows recorded from the two mine shafts.

The underground mine will be situated primarily within the granitic basement, where groundwater is expected to report to mine workings through open joints and structures, of which several have been encountered and successfully grouted to date. Groundwater at Karowe is highly saline and is regularly tested to inform equipment and piping specifications and water management plan updates for safe disposal of excess mine water.

Karowe is expected to continue to operate in a water surplus for the majority of the mine life and will continue to utilize an existing agreement with the neighboring Orapa Mine to receive a portion of the surplus, with the rest managed through on-site mechanical evaporation - of which the first of three ponds has been constructed and licensed.

MINERAL PROCESSING

The Karowe processing plant has been treating South Lobe ore since 2015, and mineral processing characteristics are very well understood.

Preliminary (2019) and confirmatory (2025) XRT (X-ray Transmission Technology) testing demonstrated that the Tertiary XRT sorter can accurately distinguish liberated diamonds from main host rocks at the Karowe underground deposit. 2019 testwork at Tomra's testing facility in Germany showed that all tested waste rocks were correctly identified under standard settings, but increased sensitivity caused carbonaceous mudstone to be misclassified as diamond. This defined the operational limits for sorting in carbon-rich rocks.

In 2025, recoverability tests on carbonaceous shale drill core using the on-site Large Diamond Recovery (LDR) and Middles XRT sorters confirmed that carbonaceous shale is light, brittle, and generally suitable for XRT sorting with standard settings, though further optimization is needed to minimize carryover and misclassifications. Carbonaceous mudstone remains distinguishable from kimberlite and diamond when proper parameters are used, supporting the suitability of sensor-based sorting for this mineralization. The dilution of ore with carbonaceous shales (and the small, sporadic, coal seams contained therein) is anticipated to occur during the later stages of mine life and contribute less than 0.1% by volume.

MINING

The open pit at Karowe is expected to terminate in H1 2026. Surface stockpiled reserves as stated above will be processed as required while the underground mining operations ramp up to commercial production.

Geotechnical evaluations and predictive modeling performed in 2024 focused on optimising the orientation, spacing, size, and overall geotechnical stability of the 2023 FS mine design and defining Cave Management Plans. The result of this work suggested design opportunities to improve structural stability at the extraction level, and more importantly, a strong potential for unassisted block caving above 500 masl. Hydraulically coupled cave simulations were performed to confirm the location, rate, and evolution of free caving within the South Lobe and has led to the introduction of the block caving mining method after an initial LHS campaign opens the cave back to the required geomechanical conditions using shorter stoping horizons than previously planned in the 2023 FS.

The revised mine plan maintains the validity and utility of prior project expenditures. The approximately $436 million of capital incurred to date relates primarily to permanent infrastructure, underground shaft development, and long-lead installations that are required under both the original and updated mine plans. The QPs have confirmed that historical capital remains fully incorporated into the revised design, and no material impairments, rework, or redundant infrastructure are anticipated.

The 2025 FS incorporates a revised drilling configuration consisting of two production drilling horizons located above the undercut level, spaced approximately 65 metres apart. Longhole drilling from these horizons will employ down-holes of approximately 40 metres and up-holes of approximately 25 metres. Engineering assessments and design simulations indicate that the revised drilling configurations should be capable of delivering the required broken ore volumes to sustain the processing plant throughput.

The modified hybrid mining method described in the 2025 FS provides several technical and operational advantages over the 2023 FS, including:

- The mine plan maintains a bottom-up mining sequence which prioritizes extraction of higher-value ore located at depth, and delays introduction of dilution from weaker sedimentary host rocks located beneath the open pit;
- The underground development schedule proceeds in parallel with ongoing open pit operations and processing of stockpiled material, supporting continuity of production;
- Blasting the initial 9 million tonnes of reserve should provide elevated control over fragmentation, dilution, and recovery during payback period;
- Introduction of free caving above 500 masl should reduce the operating costs associated with production drill and blast and the required capital development;
- Development of an advanced undercut ahead of production should improve induced rock mass stresses on the extraction level but may also allow early access to blasted swell material, enabling initial ore feed to the processing plant in H2 2027;
- The proposed mining method requires a comparatively small underground workforce during steady-state cave operation, simplifying ongoing production activities.

INFRASTRUCTURE

The UGP at Karowe will utilize a combination of existing and newly constructed infrastructure at the Karowe Mine. All current and planned surface installations have been designed to fully support the long-term operation of the underground mine and the processing plant. Over the past four years, Project construction has advanced with the completion of the majority of key surface infrastructure components. These include:

- A new 132 kV substation and switchyard at Botswana Power Corporation's Letlhakane substation, 29 km-long 132 kV overhead powerline to site, on site 11kV distribution to the UGP Electrical House, and eight MW of diesel generator back-up power;
- Expansions to water treatment plants and distribution of filtered and potable water;
- Surface water management ponds for settling and mechanical evaporation;
- Construction facilities including a 200 person camp, office complex, warehouse, change house, lamp room, material testing, laydowns, and workshops;
- All required sinking headframes, hoist houses, and associated infrastructure;
- All required permanent shaft winding equipment and buildings;

- All permanent fixed plant infrastructure including compressors, bulk air coolers, grout and batch plants;
- Surface fire water systems, hydrants, and detection systems.

PERMITTING

Karowe completed its latest Environmental Impact Assessment/Environmental Management Plan ("EMP") in 2020 (to incorporate the UGP) and received approval from the Botswana Department of Environmental Affairs during the same year. As recommended in the 2023 FS, a new EMP was prepared and was approved in 2024 for the on-site storage and mechanical evaporation of saline groundwater expected to be generated by the underground mine.

The mining license was renewed in 2021 for a period of 25 years and expires on January 3, 2046.

CONCLUSIONS

It is the conclusion of the QPs that the 2025 FS summarized in this news release contains adequate data and information to support a FS. Standard industry practices, equipment and design methods were used in the FS. Since the 2023 FS, the UGP has advanced considerably in terms of detailed engineering and construction while the open pit mine and processing facility have operated well and maintained targeted production.

To date, the QPs are not aware of any fatal flaws for the UGP.

QUALIFIED PERSON

The FS was prepared under the direction of JDS Energy & Mining Inc. and by leading independent industry consultants. Mr. Matthew Moss P. Eng is the Project Manager and responsible for the completion of the Study and an Independent Qualified Person under National Instrument 43-101. The contents of this news release have been reviewed and approved by Mr. Moss and by Dr. Lauren Freeman, PhD. Pr. Sci. Nat., Vice-President Mineral Resources of the Company and Qualified Person under National Instrument 43-101.

The results of the 2025 Karowe Underground FS will be summarized in a Technical Report prepared pursuant to Canadian Securities Administrators' National Instrument 43-101 that will be filed on SEDAR+ (www.sedarplus.ca) within 45 days of this news release and will also be available on the Company's website (www.lucaradiamond.com).

PROJECT AND WORKING CAPITAL FACILITY UPDATE

On December 30, 2025, the Company reached an agreement with the lenders under its Project and Working Capital facilities to waive all events of default. Under the agreement, the deadline to deliver an approved, fully updated financial model and to execute the underground development contract has been extended to February 28, 2026. The delivery of the next Cost to Complete Certificate has been deferred to March 31, 2026, and the previously scheduled October 2025 Working Capital Facility clean-down requirement has been waived, with the next clean-down now required to be completed by June 30, 2026.

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 of directors (the "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 Karowe Underground Project 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 press release is information that Lucara is obliged to make public 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 January 5, 2026 at 2:00 p.m. Pacific Time.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain of the statements made herein 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 information and 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 several 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.

Forward-looking statements in this press release include, but are not limited to, statements with respect to: the potential to, and length by which, the UGP will extend the life of mine; the potential of the UGP to generate revenue and cashflow to 2038; the extent that any revenue and cashflow generated from the UGP may benefit the Company, its employees, shareholders, communities surrounding the mine, and Botswana; updated resource and reserves for the Karowe Mine, including the Underground and the total expected life of mine production; estimates of the Company's production, losses, operating margins and sales volumes for the Karowe Mine, including the Underground and associated cash flow and revenues; the quality and size of diamonds expected to be recovered from the UGP; the accuracy of results of any geotechnical modelling conducted; estimates of the economic benefits of the Underground, including the timing for the UGP to pay back capital; anticipated total capital costs and expenditures for the Underground and the schedule to develop and complete the UGP; continued availability of external financing; that expected cash flows from open pit operations, combined with external financing, will be sufficient to complete construction of the UGP; the timing of key construction milestones; the anticipated mine plan and mining methods; the anticipated free cave of kimberlite at the UGP; the anticipated dilution of ore during the later stages of mine life at the UGP; the development and results of an advanced undercut; that the people, equipment, natural resources and materials required to build the UGP will be available when required to maintain the proposed UGP schedule; anticipated changes in diamond pricing, including trends in supplies and demands; changes to foreign currency exchange rate; the Company's adoption of and compliance with internationally recognized standards including IFC Performance Standards and the Equator Principles; 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 recently filed Annual MD&A and, in the Company's most recent Annual Information Form available at SEDAR+ at www.sedarplus.ca, as well as the risk that the Study is not accurate, inaccuracies in technical or economic modelling, the Company's ability to access the markets and generate revenues at anticipated diamond prices, the Company's ability to comply with the terms of its debt financing, 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).

The foregoing is not exhaustive of the factors that may affect any of our forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and our actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties, and other factors, including, without limitation, those referred to in this news release. Accordingly, readers and investors should not place undue reliance on forward-looking statements. Forward-looking information and statements are made as of the date of this disclosure 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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