Lucara Announces Q1 2026 Results

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Lucara Diamond Corp. ("Lucara" or the "Company") today reports its results for the quarter ended March 31, 2026. All a
in U.S. dollars unless otherwise noted. References to "C$" are to Canadian dollars.

Q1 2026 HIGHLIGHTS

Q1 2026 marked a transformational quarter for Lucara, with the successful completion of its equity and bond financings
Karowe Underground Project (the "UGP"), strengthening the Company's balance sheet and positioning it for long-term
creation.

Strengthened capital structure and liquidity

- Closed a C$165.0 million equity financing on January 29, 2026, reflecting strong investor support.
- Successfully issued $350.0 million of senior secured bonds on March 27, 2026, with a tap option which allows for additional $50.0 million of issuance and an option to establish a revolving credit facility of up to $50.0 million.
- Fully repaid $220.0 million of project debt.
- Ended the quarter with a strong cash position of $244.3 million (December 31, 2025: $31.9 million).

UGP advancement

- Updated feasibility study confirms total capital cost of $779.2 million, with $472.4 million already invested, demon significant project advancement.

Operational resilience and high-value recoveries

- Recovered 100 Specials[1], including five diamonds greater than 100 carats and one exceeding 300 carats.
- Notable recovery of a 36.92 carat blue Type IIB diamond recovered from the run-of-mine stockpile, comprised of previously mined but not yet processed, reinforcing Karowe's reputation for rare, high-value stones.
- Continued strong processing performance, with throughput aligned with operational expectations.

Continued strong safety record

- The Karowe Diamond Mine ("Karowe") registered no lost time injuries during Q1 2026. The rolling twelve-month T Recordable Injury Frequency Rate (TRIFR) for the Karowe Mine was 0.32 (Q1 2025: 0.36).

Financial performance

- Q1 2026 revenue was $21.8 million (Q1 2025: $30.3 million), reflecting a higher proportion of stockpile processin period due to unseasonal weather impacting open pit mining. Stockpile material is inherently variable in grade an which affected realized recoveries in the quarter. Open pit mining resumed on March 26, 2026 and is expected to later in the year.
- Operating cost per tonne processed of $24.74, reflecting disciplined cost management despite inflationary pressu transitional mining activities.
- Despite lower revenue and higher costs in Q1 2026, the Company is maintaining its full year outlook. Revenue gu remains unchanged at $100.0 million to $130.0 million, supported by the planned return to open pit mining, with a guidance parameters also reaffirmed.

[1] Specials are defined as stones above 10.8 carats.

William Lamb, President & CEO commented: "Q1 2026 represents a pivotal milestone for Lucara. The successful execution of our financing strategy for the Karowe Underground Project has strengthened our balance sheet, providing the financial flexibility to advance one of the world's most exceptional diamond assets.

Operationally, Karowe continues to demonstrate its resilience and unique value proposition. The recovery of a 36.92 carat blue diamond, alongside multiple large stones recovered from run-of-mine stockpile material, underscores the consistent delivery of high-quality, premium diamonds that differentiate Lucara globally.

While broader diamond market conditions remain mixed, our focus on large, high-value stones positions us well to benefit from improving fundamentals in this segment.

With steady progress on the underground project and continued operational execution, we are well positioned to unlock long-term value for our shareholders."

KAROWE UNDERGROUND PROJECT UPDATE

The UGP is designed to access the highest value portion of the Karowe orebody, with initial underground production predominantly from the EM/PK(S)[2] unit. The UGP is expected to extend the mine life to 2038.

The updated feasibility study announced on January 30, 2026 (link to news release) confirmed a total cost at completion of $779.2 million, including contingency. As at March 31, 2026, $472.4 million had been incurred, with a further $117.7 million committed but not yet incurred. The study incorporates construction progress, updated exchange rates, inclusion of Legacy[3] stone values, and revisions to hydrogeological and geomechanical models, mine design, mining method, and scheduling. From H1 2026 to H1 2028, processing will continue using a combination of open pit ore and run-of-mine stockpiled materials, comprising ore previously mined but not yet processed.

The project has been materially de-risked following completion of shaft sinking activities in 2025, including the 776 metre production shaft and 729 metre ventilation shaft. The UGP has achieved 2,249 lost-time injury free days, with a project-to-date TRIFR of 0.54, below the target of 0.90, and a 12-month rolling TRIFR of 0.34.

Total UGP capital expenditures for Q1 2026 were $19.0 million[4], primarily related to shaft equipping, lateral development, and surface infrastructure.

During Q1 2026, the ventilation shaft advanced approximately 491 metres of lateral development across the 310-level[5] and 285-level, bringing total lateral development to 1,245 metres, ahead of the planned handover stage to the lateral development contractor. Water intersections encountered were effectively managed through targeted grouting. At the production shaft, shaft equipping was completed to surface, including installation of guides and buntons, followed by decommissioning of sinking infrastructure and commencement of headgear internal steel changeover works.

The lateral development contract awarded in Q4 2025, covers all development from the production shaft to the orebody, including extraction, undercut and long-hole drilling level infrastructure, underground crushing facilities, and associated services. During Q1 2026, the contractor completed its site visit and kickoff meeting, with onboarding of key personnel and mobilization activities underway as at March 31, 2026.

[2] EM/PK(S): Eastern magmatic/pyroclastic kimberlite (south).

[3] Legacy stone refers to rough stones sold for a value greater than $5.0 million.

[4] Excludes qualifying borrowing cost capitalized.

[5] Each level is equivalent to a metre above sea level.

Surface infrastructure works continued during the quarter, including civil construction and procurement of long-lead ventilation fan components.

Activities planned for the UGP in Q2 2026 include the following:

- Continue with production shaft headgear changeover, including stripping and installation of permanent steel at re headgear levels, and advancing bin and chute installation works.
- Advance lateral development at the 310-level, including side-loading conveyor installation and sump completion a 285-level, and initiation of 470-level development works for ore pass raiseboring.
- Complete civil works and commence installation of main surface ventilation fans.
- Continue with operational readiness including advancing staffing plans, finalizing operating procedures, and prep operation and maintenance of permanent infrastructure.

OPERATIONS UPDATE

Open pit mining activities at Karowe were temporarily suspended during the first quarter due to unseasonal and excessive rainfall, resulting in elevated water levels within the pit. Operations resumed in the open pit on March 26, 2026. During this period, the Company maintained uninterrupted processing operations by utilizing run-of-mine stockpiled material. While this approach ensures continued throughput, the increased reliance on stockpiles, which are generally lower in grade and diamond quality, contributed to a softer revenue performance in Q1 2026.

DIAMOND MARKET

The diamond market remains characterized by near-term pricing pressure in mid-range and lower-quality stones due to elevated inventory levels and cautious consumer demand, alongside continued competition from lab-grown diamonds. However, prices for larger, high-quality natural diamonds have shown signs of stability, supported by constrained global supply and recent price increases for stones above five carats, as announced by De Beers. Longer-term supply fundamentals remain supportive, with declining production from major producers.

FINANCIAL HIGHLIGHTS - Q1 2026

	Three months ended March 31,	
In millions of U.S. dollars, except carats sold	2026	2025
Revenues	$ 21.8	$ 30.3
Operating expenses	(21.6)	(14.0)
Net loss from operations	(14.6)	(0.1)
Loss per share from operations (basic and diluted)	(0.01)	(0.00)
Cash and restricted cash	244.3	18.7
CORA[6]	-	50.5
Amounts drawn on WCF	-	30.0
Amounts drawn on Project Facility	-	190.0
Bond payable	$ 342.9	$ -
Carats sold	79,744	72,871

QUARTERLY SALES RESULTS

	Three months ended March 31,	
In millions of U.S. dollars	2026	2025
Sales Channel		
HB	$ 13.6	$ 19.3
Tender	7.2	9.3
Clara	1.0	1.7
Total Revenue	$ 21.8	$ 30.3

Diamond Sales

Diamonds from Karowe are sold through three sales channels: through a diamond sales agreement with HB Trading BV ("HB"), through quarterly tenders, and on the Clara Diamond Solutions ("Clara") sales platform.

For the three months ended March 31, 2026, the Company reported revenue of $13.6 million from HB, compared to $19.3 million for the same period in 2025. Revenue from HB accounted for 62% of total revenue recognized in Q1 2026, compared to 64% in Q1 2025. The decline in HB revenue was driven by both a lower volume of carats sold and a lower average price per carat. Revenue from HB includes "top-up" and "top-down" payments, which are made to or from the Company when the final polished diamond sales price differs from the estimated initial polished value. Given the time required to fully monetize a stone through this process, top-up and top-down payments can introduce variability into HB revenue on a quarter-to-quarter basis.

For the three months ended March 31, 2026, tender sales totaled $7.2 million compared to $9.3 million in Q1

2025, while Clara sales totaled $1.0 million compared to $1.7 million in Q1 2025. Compared to Q1 2025, a higher volume of carats were sold through tender while fewer were sold through Clara. Average prices per carat declined across both channels, with tender prices falling 30% and Clara prices falling 24%, reflecting continued pricing pressure on mid-range and lower-grade stones amid high industry inventory levels, and cautious consumer sentiment.

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[6] Cost Overrun Reserve Account.

QUARTERLY RESULTS FROM OPERATIONS - KAROWE MINE

		Q1-26	Q4-25	Q3-25	Q2-25	Q1-25
Sales						
Revenues	$M	21.8	34.5	51.2	43.7	30.3
Carats sold	Carats	79,744	101,842	101,422	77,167	72,871
Production						
Tonnes mined (ore)	Tonnes	6,231	312,148	517,155	721,111	390,539
Tonnes mined (waste)	Tonnes	-	-	5,682	55,221	35,288
Tonnes processed	Tonnes	718,404	705,513	744,753	661,352	676,626
Average grade processed(1)	cpht(*)	10.0	12.2	12.8	12.5	13.4
Carats recovered(1)	Carats	72,061	86,110	95,302	82,555	90,500
Costs						
Operating cost per tonne of ore processed(2)	$	24.74	32.88	25.65	26.76	23.41
Capital Expenditures						
Sustaining	$M	1.9	4.8	3.0	2.0	0.5
UGP(3)	$M	19.0	20.3	22.7	13.6	19.2

(*) 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.

(3) Excludes qualifying borrowing cost capitalized.

2026 OUTLOOK

This section of the news release provides management's production and cost estimates for 2026. These are forward-looking statements and subject to the cautionary note regarding the risks associated with such statements.

Karowe Diamond Mine	2026
In millions of U.S. dollars unless otherwise noted	Full Year
Diamond revenue (millions)	$100 to $130
Diamond sales (thousands of carats)	340 to 360
Diamonds recovered (thousands of carats)	340 to 360
Ore tonnes mined (millions)	Up to 0.6
Waste tonnes mined (millions)	Up to 0.2
Ore tonnes processed (millions)	2.6 to 2.9
Total operating cash costs[1] (per tonne processed)	$27.50 to $31.00
UGP capital expenditure	Up to $110 million
Sustaining capital expenditure	Up to $11.5 million
Average exchange rate - Botswana Pula per United States Dollar	14.0

[1] Operating cash costs are a non-IFRS measure. See "Non-IFRS Measures" in the Company's MD&A.

The table above reflects the natural variability in the resource, including both recovered grade and diamond quality, which may influence the revenue guidance for 2026. In 2026, the Company expects to process 2.6 to 2.9 million tonnes of ore primarily from run-of-mine stockpiled materials. The assumptions for carats recovered and sold as well as tonnes of ore processed are consistent with achieved plant performance in recent years. Run-of-mine stockpiled material (North, Centre, South Lobe) and life-of-mine stockpiles will provide mill feed until H2 2027 when UGP development ore is scheduled to start replacing stockpiles with high-grade ore from the UGP. Full scale underground production is planned for H1 2028.

In 2026, capital costs for the UGP are expected to be up to $110 million. Expenditures in 2026 will focus predominantly on shaft equipping and advancing lateral development. Surface works will focus on the removal of stage and ropes, headgear change over, and main ventilation fan installation.

Sustaining capital is expected to be up to $11.5 million with a focus on the replacement and refurbishment of key asset components and tailings advancement.

RESULTS WEBINAR

The Company will host a conference call and webinar to discuss the results on Friday, May 8, 2026 at 7:00am Pacific.

To join the webinar please use the following link:

https://www.c-meeting.com/web3/joinTo/3YPHBZTQCNB9VF/cnvPRIhuqnIESStbq_1hMg or the phone numbers listed below.

Canada/ USA Toll Free	1-844-763-8274
International Toll	+1-647-361-0247

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. Karowe is the only diamond mine in the world to have recovered nine diamonds in excess of 1,000 carats in weight. The Karowe Mine has been in production since 2012 and is the focus of the Company's operations and development activities. Karowe is transitioning from open pit to underground mining with the development of the UGP. The UGP is designed to access the highest value portion of the Karowe orebody. Underground development ore from the UGP is scheduled to begin replacing unprocessed run-of-mine stockpiles in 2027, with full-scale underground production planned for the first half of 2028.

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. 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 7, 2026, at 2:30 p.m. Pacific Time.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements made in this news release contain "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 may include, but are not limited to, information or statements with respect to the project schedule and capital costs for the UGP, diamond sales projections and outlook disclosure under "2026 Outlook", the Company's ability to meet its obligations under the Bond terms, future price stability, supply and demand of rough or polished diamonds, estimated capital costs, the focus of future expenditures, future forecasts of revenue and variable consideration in determining revenue, the outcome of tax assessments and the likelihood of recoverability of tax payments made, activities planned for the UGP in Q2, including to finalize production shaft equipping and headframe modifications, advance lateral development, and continue operational readiness, 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, currency exchange rates, rates of inflation, 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 compliance obligations, limitations on insurance coverage, and geopolitical and economic risks affecting the Company's operational viability including sanctions, trade restrictions and tariffs, the impact of the growing supply of laboratory grown diamonds on the demand for and pricing of the Company's natural diamond production, and the risk that continued expansion in laboratory grown diamond production and shifts in consumer preferences could further adversely impact revenues achievable by the Company, the ability of HB to perform its obligations, including making timely payments to the Company, and the concentration of credit risk associated with HB representing a significant proportion of the Company's total revenue, that carat production and revenues from the processing of run-of-mine ore stockpiles will be sufficient to support the Company's operations and liquidity requirements during the period prior to the achievement of commercial production from the UGP, and the ability of key contractors, including the lateral development contractor, to perform their obligations under their respective agreements in the manner and timeframe contracted for, and the risk that any failure or delay in contractor performance could result in material delays to the UGP and increased project costs.

While these factors and assumptions are considered reasonable by the Company as at the date of this news 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 and covenants of the Bonds, the consequences of any defaults under the Bonds including the potential enforcement of security granted to bondholders over the assets of the Company and its subsidiaries, that expected cash flow from operations, combined with external financing will be sufficient to complete construction of the UGP, credit risk, price risk, that the estimated timelines to achieve mine ramp up and full production from the UGP can be achieved, that sufficient run-of-mine stockpiled ore of sufficient grade and value will be available to generate revenue prior to the achievement of commercial production from the UGP, 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.

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 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 due to a variety of risks, uncertainties, and other factors, including, without limitation, those referred to in this news release. 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. Certain risks which could impact the Company are discussed under the heading "Risks and Uncertainties" in the Company's MD&A and in the Company's most recent AIF available at SEDAR+ at www.sedarplus.ca.

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. Accordingly, readers and investors should not place undue reliance on forward-looking statements. 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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