August 8, 2025

NEWS RELEASE

LUCARA ANNOUNCES Q2 2025 RESULTS

VANCOUVER, B.C., August 8, 2025 /CNW/ (LUC – TSX, LUC – BSE, LUC – Nasdaq FNGM)

Lucara Diamond Corp. ("Lucara" or the "Company") today reports its results for the quarter ended June 30, 2025. All amounts are in U.S. dollars unless otherwise noted.

Q2 2025 HIGHLIGHTS

- In Q2 2025, the Company's revenue increased to $43.7 million from $41.3 million in Q2 2024, primarily due to the sale of a 1,094 carat diamond (the "Seriti") sold to HB for an initial polished value of $12.0 million. The final sale value of the Seriti will be determined once the polished outcomes are sold to end buyers.

- In July 2025, the Company recovered a 2,036 carat near-gem diamond. The stone was recovered from processing EM/PK(S)[1] kimberlite and is the third largest rough diamond ever unearthed and the second largest rough diamond to be recovered in Botswana. The EM/PK(S) material which is the target of the UGP has now produced seven of the world's largest recorded natural diamond recoveries.

- The recovery of 242 Specials (defined as rough diamonds larger than 10.8 carats) (Q2 2024: 206 Specials) equated to 9.4% (Q2 2024: 6.9%) by weight of the total carats recovered from direct ore feed in Q2 2025. During Q2 2025, the Company recovered 15 stones over 100 carats, including two stones that exceeded 200 carats.

- A total of 85,024 carats were recovered in Q2 2025; 82,555 carats were from direct ore feed from the pit and stockpiles, at a recovered grade of 12.5 carats per hundred tonnes ("cpht"), and an additional 2,469 carats were recovered from processing of historical recovery tailings.

- During Q2 2025, the Company successfully funded the Cost Overrun Reserve Account ("CORA") to the required balance of $61.7 million. Following the funding of the CORA, the lenders approved the withdrawal of $28.0 million from the CORA in exchange for the Company's largest shareholder, Nemesia S.à.r.l. ("Nemesia"), agreeing to extend until project completion its $28.0 million shareholder standby undertaking in support of liquidity shortfalls.

- Operational highlights from the Karowe Mine included:
  - Ore mined of 0.7 million tonnes ("Mt") (Q2 2024: 0.7 Mt).
  - 0.7 Mt of ore processed (Q2 2024: 0.7 Mt).

- Financial highlights for Q2 2025 included:
  - Operating margins of 65% were achieved, a 2% decrease from operating margins of 67% in Q2 2024. The decrease in operating margins was driven by a 6% increase in revenue and a 12% increase in operating expenses, which reflects the cost of inventory sold during the period.

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

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- Operating cost per tonne processed was $26.76 per tonne, a 2% increase compared to the Q2 2024 operating cost of $26.32 per tonne. 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 June 30, 2025:
  - Cash balance of $22.7 million.
  - $190.0 million has been fully drawn from the project finance facility ("Project Facility") for the Karowe underground project (the "UGP"), along with $30.0 million fully drawn from the working capital facility ("WCF" and together with the Project Facility, the "Facilities").
  - Working capital deficit (current assets less current liabilities) of $156.4 million due to the classification of the Project Facility as a current liability. Refer to discussion under the heading Going Concern for further details.
  - Excluding the Project Facility from current liabilities, positive working capital balance of $33.7 million.

William Lamb, President & CEO commented: "The Karowe Diamond Mine continues to validate its world-class status with the recovery of a second diamond exceeding 2,000 carats. The continued and consistent recovery of Specials reflects not only the quality of the Karowe asset but also reflects the strength of our operational team, amid a complex and ever-changing global environment.

Progress on the Karowe underground project remains strong, with advancements in shaft sinking, station development, and lateral development as planned. We are delighted to recognize over 2,000 days lost-time injury free on the UGP in July, as well as the completion of the final sinking blast in the production shaft.

As we transition from open-pit to underground operations, we remain focused on disciplined execution and strategic resource management, specifically as we will rely largely on lower-value stockpiled material prior to the UGP coming online. As we navigate this critical transition, we maintain focus on our commitment to recovering maximum value. We recognize that realizing the full potential of our underground resource will involve navigating both the operational and financial complexities ahead."

GOING CONCERN

As of the date of this news release, the Company is completing a review of the UGP ore extraction methodology and is currently updating its geomechanics studies, as well as updating its project cost and schedule. Due to the timing of this review, the Company did not satisfy the requirement to deliver an approved financial model for the UGP to its lenders by June 30, 2025 ("Financial Model Covenant"). The Company failed to cure its non-compliance with this Financial Model Covenant within the 30-day cure period. As a result, as required under IFRS Accounting Standards, the entire amount due under the Facilities is classified as a current liability. As of the date of this news release, the lenders have not demanded early repayment of the Facilities. Management is actively working with the lenders to remedy the default. If the Company receives a waiver for the covenant breaches from the lenders, the Project Facility would be classified as a non-current liability in future periods. The Company's UGP review has not impacted ongoing operations or the development of the UGP which continues to progress as planned. The Company currently has access to up to $96.7 million of additional cash liquidity, being shareholder undertakings of $63.0 million and, subject to lender's approval, the remaining cash in the CORA of $33.7 million. These funds may be drawn for the UGP subject to certain conditions in the Facilities.

Management has assessed the Company's ability to continue as a going concern for at least twelve months from June 30, 2025. Based on this assessment, including the non-financial covenant breaches and impact of revisions to revenue guidance for 2025, the Company estimates that its working capital as at June 30, 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 doubt on the Company's ability to continue as a going concern. The Interim Financial Statements have been prepared on a going concern basis which assumes the Company will continue operations, realize assets, and settle its liabilities as they become due.

The Company continues to develop plans to raise additional financing required for UGP completion. While the Company has previously been successful in raising 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. Prices of lab-grown diamonds have continued to decrease in 2025 with production outweighing demand. Global natural diamond production is forecasted to decrease, following significant production guidance cuts by the major diamond producers.

In the near term, premium-grade natural diamonds are showing renewed strength, supported by limited global supply growth and strong performance at international trade shows. However, mid-range and lower-grade stones continue to face pricing pressure due to high inventories, cautious consumer sentiment, and the rapid rise of lab-grown diamonds. Encouraging sign are emerging in the recovery of the Chinese diamond market, which, if remain consistent, will support improved demand dynamics in the quarters 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 Company is currently reviewing its UGP mining ore extraction methodology, project costs and schedule. The UGP has progressed very well including reaching the bottom of the production shaft in late July 2025 and achieving 2,000 lost-time injury free days. The ore extraction review has focused on further understanding the orebody geomechanics and modeling possible caving scenarios to safely recover ore from the UGP. This review has included producing a new geomechanics numerical model along with performing caving simulations, which affect ore extraction levels and extraction point designs. The Company has initiated detail engineering of the lateral development portion of the UGP and is currently completing a revised life of mine plan based on the results of the simulation work.

The mine extraction review does not impact the current UGP development. The Company continues to advance as planned to the lateral development phase of the project. UGP development work continues with equipping the production shaft, commissioning of the shaft conveyances and progressing with its underground infrastructure development near the shafts. Additional lateral development towards the kimberlite is also planned for H2 2025.

During Q2 2025, the UGP achieved a twelve-month rolling Total Recordable Injury Frequency Rate of 0.49. The UGP to date Total Recordable Injury Frequency Rate up to June 30, 2025 was 0.55.

A total of $13.6 million was spent on the UGP in Q2 2025 primarily for activities related to the skip loading pocket at the 285-level[2], station development on the 335-level and 310-level, additional lateral developments and surface infrastructure.

Ventilation shaft Q2 2025 developments:

- Completed 335-level station development and sunk towards 310-level.

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

- Completed the bulk excavation on the top of the Fine Ore Bins.
- Completed 66 metres of lateral development.

Production shaft Q2 2025 developments:

- Completed 285-level station development.
- Continued with the development of the 310-level ramp and 240-level ramp breakaways to the production shaft bottom.
- Completed skip loading pocket excavation and 153 metres of lateral development.

Related infrastructure Q2 2025 developments:

- Continued adjudication and review of underground lateral development tender documents.
- Progressed construction of the Man and Material ("M&M") winder.
- Completed construction of the M&M winder building and winder driver's cabin.
- Continued with rack and cable installations in the M&M winder building.
- Completed construction and lining of the water management pond and commissioned the water blending circuit.
- Advanced mining engineering, focusing on underground infrastructure and finalizing drilling level plans.

Activities planned for the UGP in Q3 2025 include the following:
Ventilation shaft:

- Continue with the 310-level station development.
- Lateral development to connect with the production shaft.
- Commence sinking to 285-level.

Production shaft:

- Complete 285-level station civils and 245-level station development.
- Continue with sink to shaft bottom at the 245-level and commence shaft equipping preparations.
- Strip headgear sinking arrangements.

FINANCIAL HIGHLIGHTS – Q2 2025

In millions of U.S. dollars, except carats sold	Three months ended June 30, 2025	2024	Six months ended June 30, 2025	2024
Revenues	$ 43.7	$ 41.3	$ 74.0	$ 80.8
Operating expenses	(15.4)	(13.7)	(29.4)	(32.0)
Net income from continuing operations	12.5	11.9	12.4	5.0
Net loss from discontinued operations	-	(0.6)	-	(1.5)
Earnings per share from continuing operations (basic and diluted)	0.03	0.03	0.03	0.01
Cash			22.7	21.9
CORA			33.7	37.5
Amounts drawn on WCF			30.0	25.0
Amounts drawn on Project Facility			$ 190.0	$ 165.0
Carats sold	77,167	76,387	150,038	169,948

QUARTERLY SALES RESULTS

In millions of U.S. dollars	Three months ended June 30, 2025	2024	Six months ended June 30, 2025	2024
Sales Channel				
HB	$ 34.0	$ 29.5	$ 53.2	$ 52.8
Tender	1.9	2.6	3.7	5.8
Clara	7.8	9.2	17.1	22.2
Total Revenue	$ 43.7	$ 41.3	$ 74.0	$ 80.8

Diamond Sales

For the three months ended June 30, 2025, the Company recognized revenue of $34.0 million from HB, compared to $29.5 million for the same period in 2024. Revenue from HB accounted for 78% of total revenue recognized in Q2 2025, up from 72% in Q2 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 increased in Q2 2025 due to a higher volume of carats sold. As of June 30, 2025, the Company had $17.5 million in current trade receivables from HB.

For the three months ended June 30, 2025, tender sales totaled $7.8 million, compared to $9.2 million in Q2 2024, while Clara sales totaled $1.9 million, down from $2.6 million in Q2 2024. Overall, a lower volume of carats were sold through both the Clara platform and tender compared to Q2 2024 and both sales channels had lower average dollar-per-carat sales values compared to 2024.

LUCARA DIAMOND

QUARTERLY RESULTS FROM OPERATIONS – KAROWE MINE

		Q2-25	Q1-25	Q4-24	Q3-24	Q2-24
Sales						
Revenues	$M	43.7	30.3	78.8	44.3	41.3
Carats sold	Carats	77,167	72,871	112,615	116,221	76,387
Production						
Tonnes mined (ore)	Tonnes	721,111	390,539	646,288	845,594	699,846
Tonnes mined (waste)	Tonnes	55,221	35,288	119,919	192,308	245,006
Tonnes processed	Tonnes	661,352	676,626	716,936	720,524	714,301
Average grade processed(1)	cpht (*)	12.5	13.4	12.7	13.4	12.9
Carats recovered(1)	Carats	82,555	90,500	91,046	96,597	92,419
Costs						
Operating cost per tonne of ore processed	$	26.76	23.41	31.52	27.34	26.32
Capital Expenditures						
Sustaining capital expenditures	$M	2.0	0.5	5.5	2.0	3.45
Underground project(3)	$M	13.6	19.2	17.8	17.7	11.2

(*) Carats per hundred tonnes

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

(2) 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 such statements.

In Q1 2025, diamond revenue, diamond sales, and diamonds recovered from the 2025 guidance news release dated December 3, 2024. During Q2 2025, the Company mined and will continue to mine for the remainder of the year a higher proportion of M/PK(S)[3] ore and less higher-grade EM/PK(S) ore than initially planned due to a difference in the location of the contact between the two kimberlites when compared to the geologic model used to set the initial 2025 guidance. 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 life of the open pit. The revised 2025 revenue guidance excludes the sale of the 2,488 carat Motswedi.

Karowe Diamond Mine *In millions of U.S. dollars unless otherwise noted*	***Revised* 2025** Full Year	**2025** 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 costs[(1)] including waste mined (per tonne processed)	$28.50 to $31.00	$28.50 to $31.00
Revised Underground Project	Up to $95 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*".

The table above reflects the natural variability in the resource, including both recovered 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 UGP. Full scale underground production is planned for H1 2028.

In 2025, capital costs for the UGP are expected to be up to $95 million, revised downward during the second quarter from the previous guidance of up to $115 million. The deferral of capital expenditures reflects strategic cash flow management and does not impact the ongoing operations or planned development activities of the UGP. Expenditures in 2025 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.

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

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 August 8, 2025, at 2:00 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 Company's ability to continue as a going concern, the Company's ability to continue operations, realize assets, and settle its liabilities as they become due, the project schedule and capital costs for the UGP, diamond sales, projection 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 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 of the Facilities which are required to construct the UGP, the impact of the Non-Financial Covenant Breaches, and any associated consequences, on the Company's business, whether the Lenders will demand payment of the Facilities because of the Non-Financial Covenant Breaches, 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 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.

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 most recent MD&A and in the Company's most recent Annual Information Form 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.