

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Lucara Diamond Corp. (“**Lucara**” or the “**Company**”)
Suite 502, 1250 Homer Street
Vancouver, BC V6B 2Y5

Item 2 Date of Material Change

August 23, 2023

Item 3 News Release

The news release announcing the material change was issued August 23, 2023 through Cision and filed on Sedar+ (www.sedarplus.com) the same day.

Item 4 Summary of Material Change

On August 23, 2023, the Company announced the short-term extension of the maturity of its \$50 million senior secured working capital facility (the “**WCF**”) and a deferral to November 1, 2023 of the requirement to place \$52.9 million in a cost overrun reserve account (the “**CORA**”) by September 2, 2023.

All currency figures are in U.S. Dollars, unless otherwise stated.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On August 23, 2023, the Company announced the short-term extension of the maturity of its \$50 million senior secured WCF and a deferral to November 1, 2023 of the requirement to place \$52.9 million in a CORA by September 2, 2023. The CORA balance is currently \$18.3 million.

The Company’s debt package consists of two facilities (the “**Facilities**”), a project finance facility of \$170 million to fund the development of an underground expansion at the Karowe Mine (the “**Project Loan**”), and the WCF which is used to support ongoing operations. Presently, \$90 million is drawn from the Project Loan and \$35 million is drawn from the WCF. The terms of the WCF extension to November 1, 2023, do not permit further draws.

In connection with the WCF extension and the CORA deferral, both to November 1, 2023, the Company’s largest shareholder, Nemesia S.a.r.l. (“**Nemesia**”), has agreed to provide a liquidity support guarantee in favour of the Lenders of up to \$15.0 million in aggregate (“**Liquidity Guarantee**”) to October 31, 2023, while discussions with the Lenders are ongoing. In return, the Company has agreed to issue a debenture (the “**Debenture**”) to Nemesia to be drawn down if Nemesia is required to make a

payment under the Liquidity Guarantee. In consideration for providing the Liquidity Guarantee, and subject to receipt of all required regulatory approvals, Lucara issued 450,000 common shares on August 28, 2023 as a fee upon execution of the Liquidity Guarantee and has agreed to issue a further 450,000 common shares should the Liquidity Guarantee be called upon in the event the Company's cash balance decreases below \$10.0 million. As an additional fee, Lucara has agreed to issue 7,500 common shares per month for each \$500,000 outstanding until the amounts borrowed are repaid.

Nemesia is an insider of the Company and, as a result of their provision of the Liquidity Guarantee and receipt of the Debenture and 450,000 common shares in connection with the execution thereof, the transaction contemplated by the Liquidity Guarantee will be considered a "related party transaction" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Company intends to rely on the exemptions set forth in sections 5.5(a) and 5.7(1)(a) of MI 61-101 from the valuation and minority shareholder approval requirements of MI 61-101 in respect of Nemesia's provision of the Liquidity Guarantee as the aggregate fair market value of the common shares issued to Nemesia upon signing of the Liquidity Guarantee will be less than 25% of the Company's market capitalization. The board of directors of the Company has approved the Liquidity Guarantee, the related party transactions with Nemesia and all other ancillary matters. The Company considers this is reasonable and necessary in order to address the Company's immediate funding requirements.

This material change report was not filed 21 days in advance of the execution of the Liquidity Guarantee as the Company wanted to close to implement these arrangements on an expedited basis for sound business reasons.

5.2 Disclosure for Restructuring Transactions

This material change report is not being filed in respect of the closing of a restructuring transaction.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

The Company is not relying on subsection 7.1(2) of National Instrument 51-102.

Item 7 Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8 Executive Officer

Zara Boldt, CFO & Corporate Secretary, +1-604-674-0272

Item 9 Date of Report

September 1, 2023



LUCARA
DIAMOND

August 23, 2023

NEWS RELEASE

LUCARA ANNOUNCES EXTENSION OF WORKING CAPITAL FACILITY

VANCOUVER, August 23, 2023 /CNW/ (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm)

Lucara Diamond Corp. (“Lucara” or the “Company”) announces the short-term extension of the maturity of its \$50 million senior secured working capital facility (the “WCF”) and a deferral to November 1, 2023 of the requirement to place \$52.9 million in a cost overrun reserve account (the “CORA”) by September 2, 2023. The CORA balance is currently \$18.3 million. All currency figures are in U.S. Dollars, unless otherwise stated.

The Company’s debt package consists of two facilities (the “Facilities”), a project finance facility of \$170 million to fund the development of an underground expansion at the Karowe Mine (the “Project Loan”), and the WCF which is used to support ongoing operations. Presently, \$90 million is drawn from the Project Loan and \$35 million is drawn from the WCF. The terms of the WCF extension to November 1, 2023, do not permit further draws.

In connection with the WCF extension and the CORA deferral, both to November 1, 2023, the Company’s largest shareholder, Nemesia S.a.r.l. (“Nemesia”), has agreed to provide a liquidity support guarantee in favour of the Lenders of up to \$15.0 million in aggregate (“Liquidity Guarantee”) to October 31, 2023, while discussions with the Lenders are ongoing. In return, the Company has agreed to issue a debenture (the “Debenture”) to Nemesia to be drawn down if Nemesia is required to make a payment under the Liquidity Guarantee. In consideration for providing the Liquidity Guarantee, and subject to receipt of all required regulatory approvals, Lucara has agreed to issue 450,000 common shares as a fee upon execution of the Liquidity Guarantee and a further 450,000 common shares should the Liquidity Guarantee be called upon in the event the Company’s cash balance decreases below \$10.0 million. As an additional fee, Lucara has agreed to issue 7,500 common shares per month for each \$500,000 outstanding until the amounts borrowed are repaid.

William Lamb, CEO, commented: “During this period of ongoing discussions with our Lenders, we appreciate their willingness to grant an extension to the Company’s working capital facility and a temporary deferral of the cost overrun reserve account requirements, to November 1, 2023. This, together with the support of our largest shareholder in providing the Liquidity Guarantee, allows management to continue its focus on operations and the underground project. The Company would like to thank all involved in this process for their time, effort, and consideration. The opportunity to expand the operations through the underground development adds significant value to all stakeholders for many years to come.”

Liquidity Guarantee from Nemesia

Nemesia is an insider of the Company and, as a result of their provision of the Liquidity Guarantee and receipt of the Debenture and 450,000 common shares in connection with the execution thereof, the transaction contemplated by the Liquidity Guarantee will be considered a “related party transaction” under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). The Company intends to rely on the exemptions set forth in sections 5.5(a) and 5.7(a) of MI 61-101 from the valuation and minority shareholder approval requirements of MI 61-101 in respect of Nemesia’s provision of the Liquidity Guarantee as the aggregate fair market value of the common shares issued to Nemesia upon signing of the Liquidity Guarantee will be less than 25% of the Company’s market capitalization.

A material change report in respect of the waiver and extension, including the provision of the Liquidity Guarantee and the Debenture, will be filed in accordance with MI 61-101, but is not expected to be filed 21 days in advance of



LUCARA
DIAMOND

the execution of the Liquidity Guarantee as the Company wanted to close to implement these arrangements on an expedited basis for sound business reasons.

On behalf of the Board,
William Lamb
President and Chief Executive Officer

Follow Lucara Diamond on [Facebook](#), [Twitter](#), [Instagram](#), and [LinkedIn](#)

For further information, please contact:

Hannah Reynish	Investor Relations & Communications +1 604 674 0272 info@lucaradiamond.com
Sweden	Robert Eriksson, Investor Relations & Public Relations +46 701 112615 eriksson@rive6.ch
UK Public Relations	Charles Vivian / Jos Simson, Tavistock +44 778 855 4035 lucara@tavistock.co.uk

ABOUT LUCARA

Lucara is a leading independent producer of large exceptional quality Type IIa diamonds from its 100% owned Karowe Diamond Mine in Botswana. The Karowe Mine has been in production since 2012 and is the focus of the Company's operations and development activities. Clara Diamond Solutions Limited Partnership ("Clara"), a wholly-owned subsidiary of Lucara, has developed a secure, digital sales platform that uses proprietary analytics together with cloud and blockchain technologies to modernize the existing diamond supply chain, driving efficiencies, unlocking value and ensuring diamond provenance from mine to finger. Lucara has an experienced board and management team with extensive diamond development and operations expertise. Lucara and its subsidiaries operate transparently and in accordance with international best practices in the areas of sustainability, health and safety, environment, and community relations. Lucara has adopted the IFC Performance Standards and the World Bank Group's Environmental, Health and Safety Guidelines for Mining (2007). Accordingly, the development of the Karowe underground expansion project ("UGP") adheres to the Equator Principles. Lucara is committed to upholding high standards while striving to deliver long-term economic benefits to Botswana and the communities in which the Company operates.

The information is information that Lucara is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. This information was submitted for publication, through the agency of the contact person set out above, on August 23, 2023 at 5pm Pacific Time.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain of the statements made and contained herein and elsewhere constitute forward-looking statements as defined in applicable securities laws. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved and include, without limitation, receipt of regulatory approvals for the issuance of common shares to Nemesia in connection with the Liquidity Guarantee; whether any amounts will be drawn under the Liquidity Guarantee; future value to be delivered by the UGP and the Company's ability to continue as a going concern in the event that the Facilities are not available to them longer-term.

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to a number of known and unknown risks, uncertainties and other factors which may



cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. The Company believes that expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be accurate and such forward-looking information included herein should not be unduly relied upon. The value of the Company's shares, its financial results and its mining activities are significantly affected by the price and marketability of the diamonds recovered. The sales price of a diamond is determined by its characteristics. While the Karowe Diamond Mine has produced several large, high-value diamonds in excess of 100 carats, there is no assurance that the diamonds recovered which are 100 carats or larger will have the characteristics required to achieve a high sales price. Statements with respect to the length by which the Karowe underground expansion project will extend the life of mine are based on key underlying assumptions including, but not limited to: future diamond prices, future diamond recoveries, expected operating and capital costs, the timing to achieve key construction milestones, the availability of sufficient financing, people, equipment and materials when needed for construction and operation of the underground mine, the economic potential of a mineralized area, the size and tonnage of a mineralized area, the estimation of mineral resources.

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 in Note 1 of the condensed interim consolidated financial statements for the three and six months ended June 30, 2023, and in the related interim MD&A under the headings "Liquidity and Capital Resources", "COVID-19 Global Pandemic, Economic and Geopolitical Risks" and under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form, both available at <http://www.sedarplus.com>, as well as changes in general business and economic conditions, the ability to continue as a going concern, changes in interest and foreign currency rates, changes in inflation, the supply and demand for, deliveries of and the level and volatility of prices of rough diamonds, costs of power and diesel, impacts of potential disruptions to supply chains, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), and unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalations, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job actions, adverse weather conditions, and unanticipated events relating to health safety and environmental matters).

Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date the statements were made, and the Company does not assume any obligations to update or revise them to reflect new events or circumstances, except as required by law.