

Extractive Sector Transparency Measures Act - Annual Report



Reporting Entity Name	Lucara Diamond Corp.					
Reporting Year	From	2024-01-01	To:	2024-12-31	Date submitted	2025-05-15
Reporting Entity ESTMA Identification Number	E383853	<div><input checked="" type="radio"/> Original Submission</div> <div><input type="radio"/> Amended Report</div>				
Other Subsidiaries Included (optional field)						
Not Consolidated						
Not Substituted						
Attestation by Reporting Entity	<p><i>In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.</i></p>					
Full Name of Director or Officer of Reporting Entity	Glenn Kondo			Date	2025-05-15	
Position Title	Chief Financial Officer					

BASIS OF ESTMA REPORT PREPARATION

THE YEAR ENDED DECEMBER 31, 2024

INTRODUCTION

This report was prepared in accordance with the Extractive Sector Transparency Measures Act (“ESTMA” or the “Act”) issued by the Government of Canada. The information in this report was prepared by Lucara Diamond Corp. (the “Company”) for the sole purpose of complying with the Company’s obligations under ESTMA.

The information contained in this report is provided solely for the benefit of Natural Resources Canada (“NRCan”) and in connection with the Company’s obligations under the ESTMA. This report may not be used or relied upon by any other person or for any other purpose without the Company’s express prior written consent.

BASIS OF PREPARATION

This report has been prepared in accordance with the requirements of the Act and the NRCan Technical Reporting Specifications. The following is a summary of definitions and judgments that we have made for the purpose of preparing the report.

REPORTING CURRENCY

Reportable payments have been disclosed in United States (“US”) dollars. This is consistent with the Company’s reporting currency for consolidated financial statement purposes. Payments denominated in currencies other than US dollars were converted into US dollars using the following exchange rate on December 31, 2024 as permitted under ESTMA:

Currency	Per US\$
Botswanan Pula (BWP)	13.96

PAYEES

For the purposes of the Act, a payee is:

- a) Any government in Canada or in a foreign state
- b) a body that is established by two or more governments
- c) any trust, board, commission, corporation or body or authority that is established to exercise or perform, or that exercises or performs, a power, duty, or function of government for a government referred to in paragraph (a) or a body referred to in paragraph (b).

Payees include governments at any level, including national, regional, state, provincial, local, or municipal levels. Payees may include non-governmental entities if the benefit bestowed would have otherwise been provided by the government. Payees also include any government-owned or government-controlled entities that exercise or perform a power, duty, or function of government. Aboriginal and indigenous groups and organizations may also be regarded as a payee under the Act.

The individual department, agency or other body of the payee that received the payment have been disclosed in the appropriate column of this report.

REPORTABLE PAYMENTS

Payments are reported on a net cash basis and have been reported in the period in which the payment was made. Payments to the “same payee”, whether made as a single payment or a series of payments, that meet or exceed US\$70,000 (C\$100,000 converted to US\$ at a rate of C\$0.7/US\$) in one category of payment are disclosed. Payments are rounded to the nearest \$10,000; rounding was not used for determining reportable payments.

Taxes: This category consists of taxes paid to governments based on income, profit or production in relation to the commercial development of minerals. The following are not included in total payments to governments:

- Consumption tax, such as value-added, excise or customs tax;
- Personal income tax;
- Withholding taxes paid to third parties for goods or services – noting that withholding taxes for tax obligations of the group that relate to the commercial development of minerals ARE included in this report;
- Taxes which were offset by credits; or
- Other taxes that do not relate to the commercial development of minerals, such as payroll tax, stamp tax and personal asset tax.

The Company is subject to a variable tax rate in Botswana based on a profit and revenue ratio which increases as profit as a percentage of revenue increases. The lowest variable tax rate is 22%, while the highest variable tax rate is 55% (only if taxable income were equal to revenue).

Included in 2024 payments are withholding taxes on transfer pricing payments made to related companies.

Royalties: This category consists of royalties paid to governments relating to the commercial development of minerals. Royalties are paid in Botswanan Pula. A royalty of 10% of the gross sales value of diamonds produced from Karowe is payable to the government of Botswana, regardless of whether the diamond is sold as rough or polished.

Fees: This category consists of fees paid to governments relating to the commercial development of minerals, such as permit and license fees. This does not include amounts paid in the ordinary course of commercial transactions in exchange for services provided by governments, such as utilities paid at market rates.

Fees are predominantly comprised of a training levy payment that is due to the government of Botswana to assist in further developing training for employees. When training is provided, reimbursement of those costs is provided to the Company. The remaining fees are associated with licenses required to carry out mining activities.

Production entitlements: This category includes payments made to governments relating to a share of production under production sharing agreements. There were no production entitlements payments made to governments for the year ended December 31, 2024.

Bonuses: This category includes signing, discovery, production and any other type of bonuses paid to governments. There were no bonus payments made to governments for the year ended December 31, 2024.

Dividends: This category consists of dividends paid to governments on shares given in lieu of a bonus, production entitlements, royalties or other fees. This does not include dividends paid to governments as an ordinary shareholder. There were no dividends paid to governments for the year ended December 31, 2024.

Infrastructure improvement payments: Infrastructure improvements are payments for the construction of infrastructure, such as public roads, libraries, and hospital facilities and do not include infrastructure improvement payments that relate primarily to the operational purposes of the Company.



LUCARA
DIAMOND

The Company makes voluntary cash and in-kind social contributions (which include construction of local infrastructure that is transferred to government entities) for the benefit of communities in areas where the Company conducts operations. These social payments are not made pursuant to any conditions for the Company being able to conduct its operations and the nature, timing and extent of the contributions are at the Company's discretion.

The Company has voluntarily constructed a sports complex in the local community, which includes a FIFA accredited soccer pitch, running track, ticket booths, and spectator stands for community use. The Company has spent \$8.2 million as of December 31, 2024 on the project.

As per ESTMA guidance, Page 17, "Reporting Entities that make infrastructure improvement payments to a Payee, whether under contractual obligations or otherwise, should report such payments. For instance, if the Entity is compelled by a Payee to build a road or a sewage system, other than in circumstances where the road or sewage system is expected to be primarily dedicated to operational activities throughout its useful life, it may be required to disclose the cost of building the road or sewage systems as a payment to the Payee." The Company built a 29km, 132 kV bulk power supply powerline, the Letlhakane and Karowe substations, and an 11 kV transmission line to the Karowe Mine that were completed and put into use on March 31, 2023. The assets, constructed pursuant to a self-build agreement, were handed over to Botswana Power Corporation ("BPC") who will own and operate the substations and lines. The Company spent \$23.3 million on the asset that was handed over to the BPC, and pays for the electricity received at market rates. In summary, as the 132 kV powerline and 11kV transmission line were built under the Company's initiative in support for Karowe's expanded operations throughout its useful life and not directed or influenced by any government agencies therefore this was not a reportable transaction for ESTMA disclosure.

PROJECTS

Payments have been reported at the project level as required by the Act. According to the Technical Reporting Specifications issued by NRCan, a project is the operational activities that are governed by a single contract, license, lease, concession or similar legal agreement and form the basis for payment liabilities with a government. If multiple agreements are "substantially interconnected", they are considered a single project. "Substantially interconnected" means forming a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government and give rise to payment liabilities.

We have determined that the operational activities governed by surface or mineral lease contracts related to key operational areas are substantially interconnected and report payments related to each such area as a single project. We have considered geographical location and common infrastructure as two key indicators for making this determination and consequently this report includes payments made that are reportable under ESTMA for the Karowe project, the only project controlled by the Company. In accordance with the Act, this report does not include payments made by any projects that the Company does not control.