

Extractive Sector Transparency Measures Act - Annual Report



LUCARA
DIAMOND

Reporting Entity Name	Lucara Diamond Corp.					
Reporting Year	From	1/1/2021	To:	12/31/2021	Date submitted	5/30/2022
Reporting Entity ESTMA Identification Number	E383853	<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report				

Other Subsidiaries Included
(optional field)

Not Consolidated

Not Substituted

Attestation by Reporting Entity

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.

Full Name of Director or Officer of Reporting Entity	Zara Boldt	Date	5/30/2022
Position Title	Chief Financial Officer and Corporate Secretary		

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Reporting Entity Name	Lucara Diamond Corp.					
Reporting Entity ESTMA Identification Number	E383853					
Subsidiary Reporting Entities (if necessary)						

Payments by Payee

Country	Payee Name ¹	Departments, Agency, etc... within Payee that Received Payments ²	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes ³⁴
Botswana	Government of Botswana	Botswana Ministry of Minerals, Energy and Water Resources	-	25,030,000	-	-	-	-	-	25,030,000	
Botswana	Government of Botswana	Botswana Unified Revenue Service ("BURS")	890,000	-	380,000	-	-	-	-	1,270,000	
Botswana	Government of Botswana	Ministry of Land Management, Water and Sanitation Services (Ngwato land board)	-	-	10,000	-	-	-	-	10,000	

Additional Notes:

The 'Basis of ESTMA report preparation' appendix is an integral part of this report.

Reportable payments have been disclosed in United States ("US") dollars, rounded to the nearest US\$10,000. This is consistent with the Company's reporting currency for consolidated financial statement purposes. Payments denominated in currencies other than US dollars were translated converted into US dollars using the following exchange rate on December 31, 2021:

Currency	Per US\$
Botswanan Pula (BWP)	11.74

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Subsidiary Reporting Entities (if necessary)						

Payments by Project

Country	Project Name ¹	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes ²³
Botswana	Karowe Mine	890,000	25,030,000	390,000	-	-	-	-	26,310,000	

Additional Notes:

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Currency ¹	Per US\$
Botswanan Pula (BWP) ¹	11.74



BASIS OF ESTMA REPORT PREPARATION

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 translated converted into US dollars using the following exchange rate on December 31, 2021 as permitted under ESTMA:

Currency	Per US\$
Botswanan Pula (BWP)	11.74

PAYEES

For the purposes of the Act, a payee is:

- Any government in Canada or in a foreign state
- a body that is established by two or more governments
- 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\$78,740 (C\$100,000) in one category of payment are disclosed. Payments are rounded to the nearest \$10,000 but rounding was not used for determining reportable payments.

The Company did not make any reportable in-kind payments during the year ended December 31, 2021.

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.

Royalties: This category consists of royalties paid to governments relating to the commercial development of minerals.

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.

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, 2021.

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, 2021.

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, 2021.

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.

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.

As such, there were no reportable infrastructure improvement payments made to governments for the year ended December 31, 2021.

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.