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PRESS RELEASE

LUCARA ANNOUNCES SECOND QUARTER 2018 RESULTS

August 8, 2018 Vancouver, British Columbia (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm) Lucara Diamond Corp. (“Lucara” or the “Company”) today reports its results for the quarter ended June 30, 2018.

HIGHLIGHTS FOR THE SECOND QUARTER ENDED JUNE 30, 2018

(All amounts are presented in USD)

- Karowe’s overall performance with respect to ore mined, processed and carats recovered was within forecast for the second quarter ended June 30, 2018:
 - Ore and waste mined was 0.7 million tonnes and 4.4 million tonnes respectively
 - Ore processed totaled 0.7 million tonnes
 - 253 specials (single diamonds larger than 10.8 carats) were recovered during the second quarter, representing 10.5% of the total recovered carats by weight and the highest number of specials recovered by quarter since initiating production
 - 100 of 253 specials recovered were sold during the quarter, the remainder having been recovered after the cut-off date to prepare goods for sale
 - 11 diamonds were recovered greater than 100 carats in weight, including 3 diamonds > 300 carats (5 of which were sold during the period, including 2 diamonds > 300 carats)
 - 12 diamonds sold in excess of \$1 million each
- Updated resource estimate announced for the AK06 kimberlite increasing Indicated Mineral Resources for the South Lobe (as at end 2017) by 54% from 4.4 million carats to 6.8 million carats.
- Commercialization efforts at Clara tracking according to schedule and plan with inaugural sales expected to commence in Q3
- Quarterly sales revenue of \$64.5 million (Q2 2017: \$79.6 million) or \$856 per carat (Q2 2017: \$1,336 per carat) recognized during the quarter. This revenue excludes \$3.9 million of proceeds received in July 2018 related to the Company’s June tender.
- The operating cash cost for the six months ended June 30, 2018 was \$37.53 per tonne processed (Q2 2017: \$30.14 per tonne processed) compared to the full year forecast cash cost of \$38-\$42 per tonne processed.
- Q2 2018 EBITDA of \$36.1 million (Q2 2017: \$51.8 million) reflects lower revenues attributable to a smaller volume and lower average price of exceptional stones sold, as compared to Q2 2017.
- Net income for the three months ended June 30, 2018 was \$19.7 million (\$0.05 per share) as compared to net income of \$32.2 million (\$0.08 per share) in the comparative quarter of 2017.
- As at June 30, 2018, the Company had cash and cash equivalents of \$49.6 million. The \$50 million credit facility remains undrawn on June 30, 2018.
- Karowe had no lost time injuries during the three months ended June 30, 2018 resulting in a twelve-month rolling Lost Time Injuries Frequency Rate (“LTIFR”) of 0.13. A total of 3,819,652 manhours worked since the last LTI.



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Eira Thomas, President and CEO, commented: “The Karowe mine continued to perform well in the second quarter, underpinned by the continued, consistent recovery of specials (single diamonds greater than 10.8 carats). A total of 253 specials were recovered during the period, representing 10.5% of the total carats by weight and the highest number since operations began. In addition, we announced an updated mineral resource that increased indicated resources by 44% and better defined the increasing contribution of the high value EMPK/S unit as we mine deeper in the south lobe.”

FINANCIAL HIGHLIGHTS

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
<i>In millions of U.S. dollars unless otherwise noted</i>				
Revenues	\$ 64.5	\$ 79.6	\$ 89.9	\$ 105.7
Net income for the period	19.7	32.2	12.7	30.6
Earnings per share (basic and diluted)	0.05	0.08	0.03	0.08
Cash on hand	49.6	62.7	49.6	\$ 62.7
Average price per carat sold (\$/carat) ¹	856	1,336	648	852
Operating expenses per carat sold (\$/carat) ¹	220	247	225	232
Operating margin per carat sold (\$/carat) ¹	636	1,089	423	620

¹Average price per carat sold, operating expenses per carat sold and operating margin per carat sold are Non-IFRS measures.

The Company achieved revenues of \$64.5 million or \$856 per carat for its two tenders in the quarter, yielding an operating margin of 74% during the period. Lower revenues reflect natural variability in the number and quality of exceptional diamonds recovered in any quarter and the recent decision not to inventory exceptional diamonds over multiple production periods. Though 253 exceptional diamonds were recovered during the period, 148 of those diamonds were recovered after the cut-off date for inclusion in the June sale and will be sold in Q3. Overall, a smaller volume and lower average price of exceptional diamonds were sold in Q2 2018, as compared to Q2 2017. The Q2 2017 EST included a number of exceptional stones held in inventory and included the sale of a 374 carat diamond for \$17 million. Revenue from the Q2 2018 regular tender was 29% greater than Q2 2017, with increased carat volumes (+28%) and a similar year on year average price.

The increase in the number of carats available for sale in the RST follows commissioning of the sub-middles circuit in Q3 2017 and processing of Eastern Magmatic Pyroclastic Kimberlite (South) (“EMPK(S)”) material during 2018.

Operating expenses increased as a result of higher depletion and amortization expense (\$6.2 million versus \$3.5 million in Q2 2017) which is due to higher capitalized production stripping and production assets commissioned in Q3 2017.

Revenue, EBITDA and earnings per share performance were as expected and reflect the overall timing of the Company’s sales tenders, with an RST held during the first quarter and an RST and an EST held in June. Proceeds of \$3.9 million from the June sale were received in July 2018. The Company maintains its 2018 revenue forecast.



RESULTS OF OPERATIONS – KAROWE MINE, BOTSWANA

	UNIT	Q2-18	Q1-18	Q4-17	Q3-17	Q2-17
Sales						
Revenues	US\$M	64.5	25.4	37.1	77.9	79.6
Proceeds generated from sales tenders conducted in the quarter are comprised of:	US\$M	68.4	25.4	37.1	77.6	79.9
Sales proceeds received during the quarter	US\$M	64.5	25.4	37.1	77.9	79.6
Q2 2018 tender proceeds received post Q2 2018	US\$M	3.9	-	-	-	-
Q2 2017 tender proceeds received post Q2 2017	US\$M	-	-	-	(0.3)	0.3
Carats sold for proceeds generated during the period	Carats	87,467	63,317	69,358	64,289	62,434
Carats sold for revenues recognized during the period	Carats	75,329	63,317	69,358	67,125	59,598
Average price per carat for proceeds generated during the period**	US\$	782 ³	401	535	1,207 ²	1,280 ¹
Average price per carat for proceeds received during the period***	US\$	856 ³	401	535	1,161 ²	1,336 ¹
Production						
Tonnes mined (ore)	Tonnes	702,825	630,242	624,749	386,906	432,017
Tonnes mined (waste)	Tonnes	4,416,361	3,991,648	4,745,609	5,540,139	4,992,196
Tonnes processed	Tonnes	698,303	599,407	631,777	591,196	513,643
Average grade processed	cpht (*)	11.7	12.6	10.2	10.6	11.2
Carats recovered	Carats	81,507	75,698	64,477	62,425	57,624
Costs						
Operating costs per carats sold ⁽¹⁾	US\$	220	231	255	229	247
Capital expenditures						
-8+4mm sub-middles XRT project	US\$M	1.6	3.6	5.4	5.3	4.9
Sustaining capital	US\$M	1.4	0.4	4.1	1.9	2.2
LDR and MDR circuit	US\$M	-	-	0.1	3.6	1.8
Total	US\$M	3.0	4.0	9.6	10.8	8.9

(*) carats per hundred tonnes

(**) Average price per carat of \$782 includes all sales tendered during the quarter for proceeds of \$68.4 million, of which \$3.9 million was received after the quarter end

(***) Average price per carat of \$856 includes all sales proceeds collected during the quarter totalling \$64.5 million

(1) This includes one EST sale of \$54.8 million in addition to an RST during the quarter

(2) This includes the sale of the 1103 carat Lesedi La Rona for US\$53 million

(3) This includes one EST sale of \$32.4 million in addition to an RST during the quarter

SECOND QUARTER OVERVIEW – OPERATIONS – KAROWE MINE

Safety: Karowe had no lost time injuries during the three months ended June 30, 2018 resulting in a twelve-month rolling Lost Time Injuries Frequency Rate (“LTIFR”) of 0.13.

Production: Ore and waste mined during the three months ended June 30, 2018 totaled 0.7 million tonnes and 4.4 million tonnes respectively. Tonnage processed was within forecast at 0.7 million tonnes, with a total of 81,507 carats recovered. Ore processed was predominantly from the South lobe. During Q2, a total of 253 specials (single diamonds larger than 10.8 carats) were recovered including 11 diamonds greater than 100 carats in weight. Recovered specials equated to 10.5% weight percentage of total recovered carats during the first quarter. The number of specials recovered is the highest by quarter since initiation of production.

During the second quarter, Lucara and the mining contractor Aveng Moolmans (“Moolmans”) continued to work to find a solution to the equipment availability issues and difficulties with waste mining production



experienced during the first quarter of 2018. Following extensive discussions in May and June, both parties executed an addendum to the existing mining contract to provide for an amicable termination of the mining contract as of December 31, 2018. The addendum provides for a transition period of up to six months to allow for a new mining contractor, Trollope Mining Services (Pty) Limited ("Trollope") to gradually assume responsibility for both ore and waste mining from Moolmans, with full responsibility for all mining activities to be the responsibility of Trollope as of January 1, 2019. In the first quarter, ore mined volumes and carats recovered were as expected, but waste mining was lower than forecast. Performance improved considerably during the second quarter and continued through the month of July, the first full month of transition between Moolmans and Trollope. Given the improved performance realized during this period, waste mining is still expected to be within guidance (13.0 to 16.0 million tonnes) for the year.

Karowe's operating cash cost: Karowe's year to date operating cash cost (a non-IFRS measure) was \$37.53 per tonne processed (Q2 2017: \$30.14 per tonne processed) compared to the full year forecast of \$38-\$42 per tonne processed. The increase in cost per tonne processed compared to the six months ended June 30, 2017 reflects an increase in waste mined during the period which was 8.4 million tonnes mined as compared to H1 2017: 5.6 million tonnes mined. Waste stripping volumes are expected to significantly reduce by the end of the fourth quarter. Cost per tonne processed during the second quarter is lower than the full year guidance due to depreciation of the Botswana Pula against the US Dollar during the period. However, forecast costs for the 2018 fiscal year are still expected to be within guidance.

Labour relations update: In July, the Botswana Mine Workers Union notified Karowe management that a sufficient number of eligible Karowe employees had been recruited to join the union, thereby requiring the employer to recognize the union pursuant to Section 48 of the Trade Unions & Employers' Organizations' Act in Botswana. Management intends to work constructively with the union over the coming months to develop a Memorandum of Agreement which will govern the working relationship between the employees and the employer.

MINERAL RESOURCE UPDATE AND BOTSWANA EXPLORATION

Karowe Resource (AK06 kimberlite) Update

During Q2, an updated mineral resource was announced for the AK06 kimberlite. The updated Mineral Resource Estimate was completed by Mineral Services Canada Inc. The estimate is based on historical evaluation data combined with new sampling results (microdiamond, bulk density and petrography) from recent deep core drilling and from historical drill cores. New delineation drill coverage and review of historical drill cores supported an update of the internal geological model. Production data (including a controlled production run from the EM/PK(S) unit) and recent sales / valuation results have been incorporated into the grade and value estimates, which have been made based on an updated model of process plant recovery efficiency. The updated Mineral Resource is reported based on the Canadian Institute of Mining Definition Standards for Mineral Resources and Reserves as incorporated by National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

The updated Mineral Resource, valid at the cut-off date of December 26, 2017, includes a recoverable Indicated Mineral Resource at a 1.25 mm bottom cut off size of 7.9 million carats hosted in 57.85 million tonnes at an average grade of 13.7 cpht with an average modeled diamond value of US\$ 673 per carat. The new base of the Indicated Mineral Resource is 400 metres above sea level ("masl") (600 metres below surface). The updated Mineral Resource also includes a recoverable Inferred Mineral Resource of approximately 1.17 million carats hosted in 5.84 million tonnes at an average grade of 20 cpht with an average modeled diamond value of US\$716 per carat between 400 masl to 256 masl (base of current geological model).

These new results will be used for mine planning and to support the preparation of current feasibility-level studies for the potential development of an underground mine, after the completion of the current open pit mine.



Botswana Prospecting Licenses:

In 2014, the Company was awarded two precious stone prospecting licenses (PL367/2014 and PL371/2014). The prospecting licenses are located within a distance of 15 km and 30 km from the Karowe Diamond mine. The BK02 license was extended to Q3 2018 and the AK11/24 license was reduced by 50% in area and extended for two periods until the third quarter of 2019.

AK11 & AK24

For AK11, during the second quarter, the Company continued to process the large diameter drilling sample (estimated in-situ tonnage of 490 tonnes) at the Company's Bulk Sample Plant located at the Karowe Mine. Due to maintenance issues with the Bulk Sample Plant, results are expected in Q3 2018. At AK24, a four holes core drilling programme was completed at AK24 for a total of 659 metres of drilling. Kimberlite was intersected in each hole, detailed logging and sampling for microdiamonds is underway. Microdiamond results are expected in early Q4 2018.

Sunbird Exploration Generative Project:

During Q2 2018, an agreement was signed with a Botswana company to focus on new kimberlite discoveries within Botswana using a proprietary UAV magnetometer platform to identify potential targets. Data acquisition commenced during the three months ended June 30, 2018 and will continue for the remainder of the year, with drilling planned for late in Q3 2018. This work is being funded from the original exploration budget of \$6.0 million for fiscal 2018.

2018 OUTLOOK

The following disclosure relates to management's production and cost estimates for 2018. These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements.

The Company's 2018 forecast remains unchanged.

Karowe Mine	Full Year – 2018
<i>In millions of U.S. dollars unless otherwise noted</i>	
Diamond revenue (millions)	\$170 to \$200
Diamond sales (thousands of carats)	270 to 290
Diamonds recovered (thousands of carats)	270 to 290
Ore tonnes mined (millions)	2.5 to 2.8
Waste tonnes mined (millions)	13.0 to 16.0
Ore tonnes processed (millions)	2.4 to 2.7
Total operating cash costs ⁽¹⁾ including waste mined ⁽²⁾ (per tonne processed)	\$38.00 to \$42.00
Operating cash costs excluding waste mined (per tonne processed)	\$21.00 to \$24.00
Botswana general & administrative expenses including marketing costs (per tonne processed)	\$2.00 to \$3.00
Tax rate	22%
Average exchange rate – USD/Pula	9.8

(1) Operating cash costs are a non-IFRS measure.

(2) Includes ore and waste mined cash costs of \$2.90 to \$3.20; processing cash costs of \$13.75 to \$15.00 and mine-site departmental costs (security, technical services, mine planning, health & safety, geology) of \$4.50 to \$5.50 (all dollar figures in per tonne mined or processed).

During 2018, efforts to fully gain access to the Cut 2 South lobe ore will require a large volume of waste to be mined which impacts operating cash costs. The strip ratio is forecast to be approximately 5.0-6.0 in 2018, decreasing in the fourth quarter of 2018. A more significant decrease in the stripping ratio is forecast in 2019 (approximately 2.9 – 3.1), followed by a forecast stripping ratio of 2.0 from 2020 onwards. The decrease in waste mining is expected to add to free cash flow once the Cut 2 push back is complete between late 2018 and early 2019. The average strip ratio during the six months ended June 30, 2018 was 6.31 and capitalized production stripping costs totaled \$13.8 million.



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Sustaining capital expenditures in 2018 are forecast to be up to \$11 million, which includes final expenditures for the sub-middles XRT project audit facility (completed during the three months ending March 31, 2018). As of June 30, 2018, a total of \$7.0 million had been incurred.

A budget of up to \$3.0 million was approved for the completion of a pre-feasibility level study ("PFS") of the Karowe AK06 underground development. In support of this study, geotechnical and hydrogeological drilling under a budget of \$26 million has been initiated and as of June 30, 2018, a total of \$6.3 million had been incurred. In addition, the Company completed and reported an updated mineral resource estimate on June 26, 2018, re-classifying as an Indicated Resource kimberlite within the AK06 kimberlite from 600 to 400masl. In conjunction with the successful resource update and given the scope of the currently budgeted work programs the Company has elected to convert the PFS to a feasibility level study with results expected in H1 2019.

The Company also budgeted \$6.0 million for advanced exploration work on the Company's prospecting licenses in Botswana, of which \$1.8 million had been incurred as of June 30, 2018

CONFERENCE CALL

The Company will host a conference call and webcast to discuss the first quarter results on Thursday, August 9, 2018, at 6:00 a.m. Pacific, 9:00 a.m. Eastern, 2:00 p.m. UK, 3:00 p.m. CET.

Please call in 10 minutes before the conference call starts and stay on the line (an operator will be available to assist you).

Conference ID:

9292727 / Lucara Diamond

Dial-In Numbers:

Toll-Free Participant Dial-In North America: +1-844-892-6587

All International Participant Dial-In: +1-661-378-9938

Webcast

To view the live webcast presentation, please log on using this direct link:

<https://edge.media-server.com/m6/p/q4r8mfqg>

The presentation slideshow will also be available in PDF format for download from the Lucara website www.lucaradiamond.com shortly prior to the conference call.

On behalf of the Board,

Eira Thomas
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 Mine in Botswana. The Company has an experienced board and management team with extensive diamond development and operations expertise. The Company operates transparently and in accordance with international best practices in the areas of sustainability, health and safety, environment and community relations.

ABOUT CLARA

Clara Diamond Solutions (Clara), wholly owned by Lucara Diamond Corp, is 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.

The information in this release is accurate at the time of distribution but may be superseded or qualified by subsequent news releases.

The information in this release is subject to the disclosure requirements of the Company under the EU Market Abuse Regulation. This information was publicly communicated on August 8, 2018 at 3:30pm 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.

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. In particular, this release may contain forward looking information pertaining to the following: the estimates of the Company's mineral reserve and resources; estimates of the Company's production and sales volumes for the Karowe Mine; processing capabilities, recovery rates, cash flows and sales volumes for the Karowe Mine, including the potential effect of the development and integration of the proposed underground mine at Karowe on production, sales volumes and the expected life of mine; estimated costs to construct the proposed Karowe underground development and the timelines associated therewith; expected exploration and development expenditures and expected reclamation costs at the Karowe Mine including associated plans, objectives and economic estimates; expectation of diamond prices and changes to foreign currency exchange rate;



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expectations regarding the need to raise capital; possible impacts of disputes or litigation, the timing and ability of management to commercialize the Clara digital sales platform and other forward looking information.

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 under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form available at <http://www.sedar.com>, as well as changes in general business and economic conditions, changes in interest and foreign currency rates, the supply and demand for, deliveries of and the level and volatility of prices of rough diamonds, costs of power and diesel, 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.