



**LUCARA**  
DIAMOND

## **PRESS RELEASE**

### **LUCARA ANNOUNCES Q1 2020 RESULTS**

VANCOUVER, May 7, 2020 /CNW/ - (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm)

Lucara Diamond Corp. (“Lucara” or the “Company”) today reports its results for the quarter ended March 31, 2020.

### **HIGHLIGHTS FOR THE QUARTER ENDED MARCH 31, 2020**

- As at March 31, 2020, the Company had cash and cash equivalents of \$27.4 million, an increase of \$16.2 million from December 31, 2019. The Company maintained draws totalling \$19.0 million on the working capital facility from Q1 2020. A balance of \$31.0 million is available to be drawn for working capital, if required, subsequent to March 31, 2020. The Company begins the second quarter with a strong cash position and available liquidity.
- A strong operating environment prevailed at the Karowe Mine in Q1 and delivered results consistent with the 2020 plan and budget:
  - Ore and waste mined of 0.9 million tonnes and 1.2 million tonnes respectively
  - 0.64 million tonnes of ore processed resulting in 91,536 carats recovered, achieving a recovered grade of 14.3 carats per hundred tonnes
  - 190 Specials (+10.8 carats) were recovered from direct milling during the first quarter, representing 6.7% weight percentage of total direct milling recovered carats, in line with mine plan expectations
  - 8 diamonds were recovered greater than 100 carats in weight
- In early February 2020, an unbroken 549 carat white diamond of exceptional purity was recovered from direct milling of ore sourced from the EM/PK(S) unit of the South Lobe. This diamond was not made available for sale in Q1.
- Total revenue of \$34.1 million was recognized in Q1 2020 (Q1 2019: \$48.7 million) or \$396 per carat (Q1 2019: \$512 per carat) from the sale of 86,178 carats (Q1 2019: 95,053 carats). The Q1 2020 tender represents the smallest planned sale for the year and reflects a reduction in realized prices in the larger size classes compared to those achieved from the equivalent period in 2019.
- The Company recorded a net loss of \$3.2 million for Q1 2020 resulting in a \$0.01 loss per share for the quarter. This compares to net income of \$7.4 million for Q1 2019 and earnings per share of \$0.02. A decrease in total revenue had the most significant impact on the current quarter’s results.
- Cash flow from operations in Q1 2020 totalled \$2.4 million compared to cash flow from operations of \$10.6 million in Q1 2019, largely due to a weaker pricing environment and a decrease in revenue between the periods.
- The value of the rough diamonds transacted through the Clara platform in Q1 2020 was \$3.0 million over six sales, which brings the total value transacted on the platform between December 2018 and March 2020 to \$12.1 million.
- Operating cash cost<sup>(1)</sup> per tonne of ore processed for the three months ended March 31, 2020 was \$31.43 per tonne (Q1 2019: \$30.52 per tonne), which is below the initial full year forecast cash cost of \$32-\$36 per tonne processed but 3% higher than the comparative quarter last year. The operating cash cost per tonne processed in Q1 2020 was positively impacted by a favourable foreign exchange rate and the benefits of cost optimization efforts undertaken in the second half of 2019, offset by a 16% decrease in tonnes processed as compared to Q1 2019.
- A continued focus on operational discipline at Karowe has resulted in a strong operating margin of 49% year to date (Q1 2019: 67%) and adjusted EBITDA<sup>(1)</sup> year to date of \$8.1 million (Q1 2019: \$23.4 million).



Operating expenses per carat sold totalled \$201 per carat in the three months ended March 31, 2020, up from \$169 per carat sold in the comparable period last year. Total carats sold were approximately 10% less by volume than the same quarter last year (Q1 2020: 86,178 carats sold; Q1 2019: 95,053 carats sold).

- In January 2020, Lucara entered into an unprecedented collaboration with Louis Vuitton ("LV"), the famous luxury house, and the HB Company ("HB"), a diamond manufacturer from Antwerp, to manufacture its historic, record setting, 1,758 carat Sewelô diamond recovered from the Karowe Mine in Botswana in April 2019. Lucara will receive an upfront non-material payment for the Sewelô and retain a 50% interest in the individual polished diamonds that result. Further, 5% of all retail sales proceeds generated from this historic collection will be invested directly back into Botswana on community-based initiatives undertaken by Lucara.

(1) See Non-IFRS measures

Eira Thomas, President & CEO commented: "I am extremely proud and heartened by the efforts of our employees, contractors, partner communities and governments who have all come together and taken swift action in support of Lucara's COVID-19 crisis management strategy, designed to keep our people safe and our mine operating. Declared an essential service by the government on April 2, Karowe continues to operate safely and at full production. Demand for our product, however, continues to be weak and Lucara is necessarily focused on cost management and capital discipline through this period of uncertainty. To this end, Lucara's capital spending program for 2020 is now being re-scoped to focus on critical path elements, largely in support of our ongoing, underground expansion program. As a reminder, Lucara entered this crisis with a strong balance sheet and no debt. As a further positive development, Lucara's \$50 million credit facility with the Bank of Nova Scotia was recently renewed for another year, providing the Company with additional flexibility and liquidity to continue to effectively manage our business through 2020. Though our near-term outlook on diamond prices remains uncertain, global rough diamond production curtailments combined with early indications of polished diamond demand recovery in Asia provide some optimism that demand will improve in the latter half of the year."

## COVID-19 RESPONSE & RECENT DEVELOPMENTS

In March 2020, the Company implemented a crisis management strategy in relation to COVID-19, to protect the health and well-being of its employees in Botswana and Canada and to protect the financial well-being of the business. The Karowe Mine remains fully operational, under new measures and guidelines implemented by the Government of Botswana in late March 2020. These measures designate mining as an essential service in Botswana and include increased travel restrictions, reduced overall staffing levels and increased and appropriate social distancing. Employees who are able to work remotely are doing so. As travel restrictions relating to COVID-19 are expected to remain in place for an unknown period, the Company's ability to complete tenders in Botswana is expected to be impacted. As a temporary measure, the Government of Botswana has granted Lucara permission to hold diamond sales in Antwerp, Belgium if required.

Lucara completed the first of four planned diamond tenders for the year on March 5<sup>th</sup>, and achieved sales prices within 1% of forecast, however, diamond prices have since deteriorated in response to weaker demand as COVID-19 has continued to spread globally. The full impact of COVID-19 on Lucara's operations and production outlook for 2020 remains highly uncertain, and as a result, the Company has suspended its 2020 guidance until further notice.

Lucara's second quarter tender, originally scheduled for mid-May 2020, has been postponed and will be re-scheduled to a more appropriate date in the near-term, as market conditions are evaluated. The Clara digital sales platform, which allows for buyers to place orders without physically viewing the goods and to purchase only the diamonds they need on a stone by stone basis, continues to hold sales. Travel restrictions in Botswana, South Africa, India and Europe have caused disruptions during April preventing some deliveries from taking place.

Lucara's planned capital spending program for 2020 is largely focused on the initiation of our Karowe underground expansion project and was previously designed to ramp up in Q3, funded entirely from cash-flow, under a budget of



\$53 million. Given the present uncertainty related to our 2020 revenue forecast, this program is being re-scoped and reduced to focus on critical-path items through the remainder of the year. The underground expansion program has an estimated capital cost of \$514 million and a five year period of development. The Company expects to finance part of the capital cost with debt and the balance from cash flow generated by operations. In light of the uncertainty resulting from the COVID-19 pandemic, the Company is also reviewing its original estimates and assumptions for the quantum and timing of cash flows expected from the current operations against the anticipated financing requirement for the underground expansion program.

The Company's \$50 million revolving term working capital facility with the Bank of Nova Scotia has been extended by one year to May 5, 2021. The Bank of Nova Scotia has first ranking security by way of a charge over the Company's Karowe assets and a guarantee by the Company's subsidiaries, which hold the Karowe assets. As part of the extension, and until Lucara obtains greater clarity on its cash flow projections in the short-term, Lucara has agreed to limit capital expenditures related to the underground expansion project. The extension of this facility provides an important source of liquidity to Lucara during a period of significant uncertainty in global markets.

## FINANCIAL HIGHLIGHTS

<i>In millions of U.S. dollars, except carats or otherwise noted</i>	<b>Three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Revenues	\$ 34.1	\$ 48.7
Net income (loss) for the period	(3.2)	7.4
Earnings (loss) per share (basic and diluted)	(0.01)	0.02
Operating cash flow per share*	0.02	0.05
Cash on hand	27.4	17.9
Amounts drawn on the working capital facility	19.0	Nil
Average price per carat sold (\$/carat)*	396	512
Operating expenses per carat sold (\$/carat)*	201	169
Operating margin per carat sold (\$/carat)*	195	343
Carats sold	86,178	95,053

(\*) Operating cash flow per share, average price per carat sold, operating expenses per carat sold and operating margin per carat sold are Non-IFRS measures.

The Company recognized revenue of \$34.1 million or \$396 per carat from the sale of 86,178 carats in the first quarter of 2020, inclusive of all diamonds sold on Clara. The average price per carat sold was \$396 per carat yielding an operating margin of \$195 per carat (49%). The number of carats sold in Q1 2020 decreased by 10% compared to Q1 2019. The decrease in the average price per carat sold and in total revenue achieved in Q1 2020 was due to a combination of variability in quality of the stones available for sale in the Q1 2020 tender along with lower achieved prices similar to those realized in mid-2019.

During the first quarter, the Company entered into a binding term sheet with Louis Vuitton and the HB Company to manufacture the historic 1,758 carat Sewelô diamond recovered in April 2019. Sewelô, which means "rare find" in Setswana, is the second, +1,000 carat diamond recovered from Karowe in four years and the largest ever recovered in Botswana. The diamond has been characterized as near gem of variable quality, with recent analysis confirming that it also includes domains of higher-quality white gem. Lucara believes that the full potential of the Sewelô will only be revealed once polished. The purpose of this unprecedented collaboration between a miner, a cutting edge



manufacturer and a large luxury brand will be the planning, cutting and polishing of a collection of diamonds from Sewelô.

While most of Karowe's diamond production is sold through sales tenders, beginning in late 2018 certain stones from Karowe's production sized between 1 and 10 carats and of better quality were offered for sale on Clara, Lucara's revolutionary, web based, digital sales platform that allows customers to purchase rough diamonds individually, based on specific demand. Six sales were completed on the platform during the first quarter of 2020 with \$3.0 million in value transacted. The customer base of Clara grew significantly in the fourth quarter of 2019 and continues to grow at a strong pace with an increase of 19% in the number of participants. The addition of third-party production to the platform has been delayed due to significant disruptions resulting from the COVID-19 pandemic. While this remains an objective for 2020, the nature and timing of this onboarding is presently uncertain.

Operating expenses increased from \$16.1 million in the three months ended March 31, 2019 to \$17.3 million in the three months ended March 31, 2020 mainly due to an increase in the average cost per tonne mined due to lower volumes of total tonnes mined. Waste tonnes mined decreased as compared to the same period in 2019 as the significant waste stripping campaign ("Cut 2") which started in 2017 was substantially completed in Q1 2019. The combination of a decrease in the number of carats sold and an increase in operating expenses resulted in an overall increase in the operating expense per carat sold from \$169/carat in the three months ended March 31, 2019 to \$201/carat in the three months ended March 31, 2020.

Depletion and amortization, a non-cash expense, decreased from \$11.6 million for the three months ended March 31, 2019 to \$10.5 million for the three months ended March 31, 2020 due to a 10% lower volume of carats sold. The decrease in revenue in the first quarter of 2020 compared to the first quarter of 2019 generated a similar decrease to Adjusted Earnings Before Interest, Tax, Depletion and Amortization ("Adjusted EBITDA") (*\*Non-IFRS measure*), net income and earnings per share when comparing results from each quarter.

Operations in the first quarter of 2020 were consistent with the strong, stable operating environment achieved at the Karowe Mine in 2019. Ore tonnes mined (0.9 million tonnes) and waste tonnes mined (1.2 million tonnes) were on plan for the first quarter. The plant processed 0.64 million tonnes during the first quarter, also consistent with the 2020 plan. The total tonnes processed in 2020 are expected to be slightly less than the record 2.8 million tonnes processed in 2019 due to several planned multi-day shut-downs to upgrade the XRT technology which is a key part of the recovery circuit at the Karowe Mine. Despite the challenges presented by the COVID-19 pandemic, as at May 7, 2020 the Karowe Mine continues to operate at full production levels, with social distancing and other critical health and safety measures designed to limit the spread of the virus being observed.

A recovery in the pricing environment for both polished and rough diamonds which began in late-2019 has been severely impacted by the COVID-19 pandemic and as a result, several large and small diamond producers have placed their operations on care & maintenance and deferred or cancelled regularly scheduled sales due to economic uncertainties and logistical challenges resulting from an unprecedented, global "lock-down". Karowe's annual production represents a small fraction of the global rough diamond supply that is mined and sold each year. Buyers of Karowe diamonds do not have firm purchasing commitments so they are free to bid only on the diamonds which are of interest to them. This system benefits both Lucara and its customers and typically results in competitive pricing for Karowe goods. Diamonds mined from Karowe are sold either through a quarterly tender in Botswana or through the Clara digital sales platform. The Government of Botswana has granted temporary permission to the Company to conduct sales in Antwerp, Belgium and the second quarter tender which was originally scheduled to close mid-May in Botswana is expected to be rescheduled and will be held in Antwerp, as soon as market conditions permit. Clara has continued sales during the global "lock-down" but has encountered some difficulties in delivering certain goods purchased due to restrictions on travel and non-essential work implemented by many countries. However, these restrictions are anticipated to be scaled-back in many countries in the coming weeks. Clara represents a unique opportunity to purchase rough diamonds without the requirement to travel.



## QUARTERLY RESULTS OF OPERATIONS – KAROWE MINE, BOTSWANA

	UNIT	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19
<b>Sales</b>						
Revenues generated from sales tenders conducted in the quarter	US\$M	33.8	56.0	45.3	42.5	48.7
Carats sold for revenues recognized during the period	Carats	86,010	98,547	116,200	101,931	95,057
Average price per carat for proceeds received during the period	US\$	393	568	390	417	512
<b>Production</b>						
Tonnes mined (ore)	Tonnes	878,087	694,591	823,875	773,861	1,011,048
Tonnes mined (waste)	Tonnes	1,199,660	740,593	1,489,668	1,826,972	2,485,548
Tonnes processed	Tonnes	639,430	647,502	680,665	713,037	763,313
Average grade processed	cpht (*)	14.3	13.3 <sup>1</sup>	13.9 <sup>2</sup>	14.2 <sup>3</sup>	15.9 <sup>4</sup>
Carats recovered	Carats	91,536	86,422 <sup>1</sup>	104,990 <sup>2</sup>	109,312 <sup>3</sup>	132,336 <sup>4</sup>
<b>Costs</b>						
Operating costs per carats sold (see Non-IFRS measures)	US\$	201	209	201	174	169
Sustaining capital expenditures	US\$M	2.4	13.0	0.7	1.4	2.4
Underground expansion project	US\$M	1.7	-	-	-	-

(\*) carats per hundred tonnes

- (1) Carats recovered during the period included 273 carats recovered from re-processing historic recovery tailings from previous milling and are excluded from the average grade processed.
- (2) Carats recovered during the period included 10,646 carats recovered from re-processing historic recovery tailings from previous milling and are excluded from the average grade processed.
- (3) Carats recovered during the period included 8,172 carats recovered from re-processing historic recovery tailings from previous milling and are excluded from the average grade processed.
- (4) Carats recovered during the period included 10,899 carats recovered from re-processing historic recovery tailings from previous milling and are excluded from the average grade processed.

## FIRST QUARTER OVERVIEW – KAROWE MINE

**Safety:** Karowe had no lost time injuries during the three months ended March 31, 2020 resulting in a twelve-month rolling Lost Time Injury Frequency Rate of 0.

**Production:** Ore and waste mined during the three months ended March 31, 2020 totaled 0.9 million tonnes and 1.2 million tonnes respectively. Tonnage processed was 0.64 million tonnes, with a total of 91,536 carats recovered. During Q1 2020, ore processed was almost entirely from the South lobe and a total of 190 Specials were recovered including 8 diamonds greater than 100 carats in weight. Recovered Specials equated to 6.7% weight percentage of total recovered carats from ore processed during Q1 2020, consistent with expectations.

Overall performance during the first quarter remains consistent with the strong operational results achieved over the past two years. Processing capacity was slightly lower in Q1 2020 compared to previous quarters due to a planned extended shutdown in early March for improvements to the XRT technology in the process plant.





Continuous improvements to maintenance scheduling and better availability of equipment offset some of the additional downtime required in Q1 2020. Mining and processing results were on plan during Q1 2020.

**Karowe's operating cash cost:** Karowe's year to date operating cash cost (\*Non-IFRS measure) was \$31.43 per tonne of ore processed (YTD 2019: \$30.52 per tonne of ore processed) below the initial full year forecast of \$32-\$36 per tonne processed, and approximately 3% higher than the same period in 2019. The current period result includes the impact of a 5% depreciation of the Botswana Pula compared to the US Dollar reporting currency, and realized cost savings following a cost optimization process in the second-half of 2019, offset by a 16% decrease in tonnes processed as compared to Q1 2019.

**Significant diamond recoveries:** In early February 2020, an unbroken 549 carat white diamond of exceptional purity was mined from the EM/PK(S) unit of the South Lobe and was recovered in the Mega Diamond Recovery XRT circuit. A decision on the sale of this special diamond will be undertaken in due course.

### KAROWE UNDERGROUND UPDATE

On November 4, 2019, the Company announced the results of a Feasibility Study for an underground mine at Karowe. A copy of the Company's news release and the related technical report prepared pursuant to the requirements of NI 43-101 – Standards of Disclosure for Mineral Projects were filed on Sedar ([www.sedar.com](http://www.sedar.com)) and are available on the Company's website at: [www.lucaradiamond.com](http://www.lucaradiamond.com).

In November 2019, Lucara's Board of Directors approved a \$53 million capital program for the Karowe underground expansion project, with the majority of the budget scheduled to be spent in the latter part of the year and funded through the cash flow from current operations. During Q1 2020, \$1.7 million was spent on project execution activities including detailed engineering and design work and early procurement initiatives.

Given the uncertainty in global markets resulting from COVID-19, the originally planned capital budget will be reduced until more certainty exists around Lucara's cash flow projections. The 2020 program is now being re-scoped to focus on critical-path items for the remainder of the year. Activities are focused on procurement of long lead time equipment, engineering and design work, physical site activity using local contractors for site preparation and geotechnical studies.

The Company is continuing to explore debt financing options for the underground expansion for those amounts which are expected to exceed the Company's cash flow from operations during the construction period. The underground expansion program has an estimated capital cost of \$514 million and a five year period of development. In light of the uncertainty resulting from the COVID-19 pandemic, the Company is also reviewing its original estimates and assumptions for the quantum and timing of cash flows expected from the current operations against the anticipated financing requirement for the underground expansion program.

### CLARA

Further sales on Clara are planned for the remainder of 2020, subject to the existence of demand and Clara's ability to complete delivery of the stones purchased. The timing to onboard third-party production, a key objective for 2020, is uncertain presently due to the unprecedented global upheaval which has resulted in response to the COVID-19 pandemic.



## 2020 OUTLOOK

This section of the press release provides management's production and cost estimates for 2020. These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements.

On March 31, 2020, the Company announced the suspension of its 2020 guidance until further notice. The full impact of the COVID-19 pandemic on Lucara's operations and production outlook for 2020 remains highly uncertain and may remain that way for several months. Further guidance will be released as the impact of COVID-19 becomes known.

The global diamond industry is experiencing the widespread impacts of COVID-19 throughout the value chain, manifested as fewer sales, weaker pricing, logistical challenges/delays in the movement of goods and people and, production curtailments at several mines. Following the Company's first quarterly tender which closed on March 5, 2020, diamond prices have continued to deteriorate in response to weaker demand as COVID-19 has continued to spread globally and governments have implemented a variety of restrictions on the movement of people and goods in an effort to curtail its spread. While full production levels are currently being sustained at the Karowe Diamond Mine, Lucara cannot predict if future changes or regulations implemented by the Government of Botswana will affect its operations in the near term. As a temporary measure, in response to the COVID-19 crisis, the Government of Botswana has granted Lucara permission to hold diamond sales in Antwerp, Belgium if required.

Lucara's second quarter tender, originally scheduled for mid-May 2020, has been postponed and will likely be re-scheduled in the coming weeks, pending an evaluation of the market conditions closer to the time. Sales are continuing on the Clara platform, although disruptions have been experienced during April due to certain travel restrictions in Botswana, South Africa, India and Europe which have prevented some deliveries from taking place.

Lucara's capital spending program for 2020 is also being re-scoped to focus on critical-path items through the remainder of the year. Most of the previously approved capital spend of \$53 million for the Karowe underground expansion project was scheduled to be invested in the latter part of the year and funded through cash flow from operations. Given the uncertainty in global markets resulting from COVID-19, these capital expenditures will be reduced until more certainty exists around Lucara's cash flow projections.

## CONFERENCE CALL

The Company will host a conference call and webcast to discuss the results on Friday, May 8, 2020 at 6:00 a.m. Pacific, 9:00 a.m. Eastern, 2:00 p.m. UK, 3:00 p.m. CET.

### **CONFERENCE CALL:**

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:**

36146504 / Lucara Diamond

### **Dial-In Numbers:**

Toll-Free Participant Dial-In North America  
All International Participant Dial-In

(+1) 888 390 0546  
(+1) 778 383 7413

### **Webcast:**

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

[https://produceredition.webcasts.com/starthere.jsp?ei=1308278&tp\\_key=664b5059a3](https://produceredition.webcasts.com/starthere.jsp?ei=1308278&tp_key=664b5059a3)



The presentation slideshow will also be available in PDF format for download from the Lucara website [www.lucaradiamond.com](http://www.lucaradiamond.com) shortly before the conference call.

**Conference Replay:**

A replay of the telephone conference will be available two hours after the completion of the call until May 15, 2020.

Replay number (Toll Free North America) (+1) 888 390 0541

Replay number (International) (+1) 416 764 8677

The pass code for the replay is: 146504#

*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 Ila diamonds from its 100% owned Karowe Mine in Botswana and owns a 100% interest in Clara Diamond Solutions, a secure, digital sales platform positioned to modernize the existing diamond supply chain and ensure diamond provenance from mine to finger. 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 Limited Partnership (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 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 May 7, 2020 at 2:00pm Pacific Time.

## NON-IFRS MEASURES

This news release refers to certain financial measures, such as operating cash flow per share, adjusted EBITDA, average price per carat sold, operating cost per carat sold, operating margin per carat sold and operating cost per tonne of ore processed which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. These measures may differ from those made by other corporations and accordingly may not be comparable to such measures as reported by other corporations. These measures have been derived from the Company's financial statements, and applied on a consistent basis, because the Company believes they are of assistance in the understanding of the results of operations and financial position. Please refer to the Company's MD&A for the first quarter, 2020 for an explanation of non-IFRS measures used.

## 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 impact of COVID-19 on the Company's cash flows and operations and its plans with respect to the Karowe underground expansion project; the estimates of the Company's mineral reserves and resources; estimates of the Company's production and sales volumes for the Karowe Diamond Mine; estimated costs for capital expenditures related to the Karowe Diamond Mine; production costs; exploration and development expenditures and reclamation costs; expectation of diamond prices; changes to foreign currency exchange rates; assumptions and expectations related to the possible development of an underground mining operation at Karowe including associated capital costs, financing strategies and timing; expectations in respect of the development and functionality of the technology related to the Clara platform, the intended benefits and performance of the Clara platform, including ability to complete sales without viewing diamonds, the growth of the Clara platform, the timing and frequency of sales on the Clara Platform, and the quantum and timing of participation of third parties on the Clara platform; expectations regarding the need to raise capital and its availability; possible impacts of disputes or litigation 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 "COVID-19 Global Pandemic" in the Company's most recent MD&A and under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form, both available at <http://www.sedar.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, 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.