



LUCARA
DIAMOND

November 4, 2019

PRESS RELEASE

LUCARA ANNOUNCES Q3 2019 RESULTS

VANCOUVER, November 4, 2019 /CNW/ - (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm)

Lucara Diamond Corp. (“Lucara” or the “Company”) today reports its results for the quarter ended September 30, 2019.

HIGHLIGHTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019

- A strong operating environment prevailed at the Karowe Mine in Q3 2019 with guidance met or exceeded with respect to all mining and processing activities including:
 - Ore and waste mined of 0.8 million tonnes and 1.5 million tonnes respectively
 - 0.68 million tonnes of ore processed for a recovered grade of 13.9 carats per hundred tonnes
 - Carats recovered of 104,990 (including 10,646 carats recovered from re-processing historic recovery tailings from previous milling)
 - 211 Specials were recovered from direct milling during the third quarter, representing 6.1% weight percentage of total direct milling recovered carats, in line with mine plan expectations
 - 7 diamonds were recovered greater than 100 carats in weight
 - A 9.74 carat gem quality blue diamond and a 4.13 carat gem quality pink diamond were recovered in September 2019
- During Q3 2019, revenue recognized totalled \$45.3 million (Q3 2018: \$45.7 million) or \$390 per carat (Q3 2018: \$450 per carat) from the sale of 116,200 carats (Q3 2018: 101,600 carats). Better recoveries in smaller, lower value diamonds resulted in a 14% increase in the number of carats sold. While still profitable, the smaller goods impact the average price per carat sold.
- The Company recorded a net loss of \$4.0 million for Q3 2019 resulting in a \$0.01 loss per share for the quarter. This compares to net income of \$5.1 million for Q3 2018 and earnings per share of \$0.01. An increase in operating expenses and depletion and amortization (a non-cash expense) had the most significant impact on the current quarter’s results.
- Cash flow from operations in Q3 2019 totalled \$13.8 million compared to cash flow from operations of \$3.7 million in Q3 2018.
- The value of the rough diamonds sold through the Clara platform doubled in Q3 2019 with \$2.4 million of goods transacted and five sales held, which brings the total value transacted on the platform as of September 30, 2019 to \$6.0 million since sales began. Clara’s customer base has grown another 35% in the third quarter, from twenty to twenty-seven and sales continue to ramp up according to plan.
- Changes in guidance: total revenue in 2019 is expected to be at the lower end of guidance, between \$170 million and \$180 million; operating cost per tonne processed is also expected to be at the lower end of guidance, between \$32-\$34/tonne. Total carats recovered and sold is expected to be between 400,000 and 425,000 carats and total tonnes mined is expected to be between 9.5 and 11.0 million tonnes.
- Revenue of \$136.5 million for the nine months ended September 30, 2019 (“YTD 2019”) from three tenders and sales through Clara. This is comparable to revenue of \$135.6 million for the nine months ended September 30, 2018 (“YTD 2018”) in which three regular stone tenders and one exceptional stone tender were held.
- The operating cash cost⁽¹⁾ for the nine months ended September 30, 2019 was \$31.06 per tonne processed (YTD 2018: \$38.98 per tonne processed) compared to the revised full year forecast cash cost of



\$32-\$34 per tonne processed. Operating cash cost per tonne processed was positively impacted by the completion of a significant waste stripping campaign in 2018, an increase in tonnes processed in 2019 and foreign exchange.

- A continued focus on operational discipline at Karowe has resulted in a strong operating margin of 58% year to date (YTD 2018: 63%) and adjusted EBITDA⁽¹⁾ year to date of \$50.2 million (YTD 2018: \$55.7 million). Operating expenses per carat sold have decreased to \$182 per carat in the nine months ended September 30, 2019, from \$208 per carat in the comparable period in 2018, due to a 30% higher volume of carats sold period to period.
- Net income for the nine months ended September 30, 2019 was \$4.1 million, resulting in earnings per share of \$0.01. This compares to net income of \$17.9 million and earnings per share of \$0.05 for the nine months ended September 30, 2018.
- As at September 30, 2019, the Company had cash and cash equivalents of \$4.8 million. All draws on the Company's working capital facility were repaid during Q3 2019, leaving \$50 million available for use at September 30, 2019.
- Cash flow from operations for the nine months ended September 30, 2019 totalled \$31.0 million as compared to \$35.7 million for the nine months ended September 30, 2018.
- The Company paid a quarterly dividend of CA\$0.025 per share on September 19, 2019.

(1) Non IFRS measure

Eira Thomas, President & CEO commented: "Lucara continues to deliver solid results and strong margins on the back of strong operational performance at Karowe in Q3. With operating margins at Karowe approaching 60%, and no long-term debt, Lucara is well positioned to continue to weather the difficult diamond pricing environment that has prevailed since the beginning of the year. Moreover, this continued strong performance combined with the encouraging results reported in our recently completed feasibility study (see news release "Lucara Announces Positive Feasibility Study For Karowe Underground"), provides a compelling rationale for investing in an underground expansion at Karowe, potentially adding 13+ years of mine life and generating an after-tax NPV (@5%) of US\$718 million and in excess of US\$5.0 billion in gross revenue. Our latest special stone recoveries, which include a 9.7 carat blue diamond, a 4.1 carat pink diamond, a top white 123 carat diamond and most recently, a top white 106 carat diamond continue to bode well for our final sale of the year, and we remain on track to meet or exceed our guidance in every respect. We continue to see positive progress with Clara, reaching \$6 million of total value transacted on the platform since sales began in December 2018."

CHANGE IN DIVIDEND POLICY

With the announcement of a positive feasibility study for development of an underground mine at Lucara's 100% owned Karowe Diamond Mine, Lucara's Board of Directors has determined that it is in the best interest of the Company and its shareholders to suspend the quarterly dividend payment of C\$0.025 per share, effective immediately. The feasibility study demonstrates the potential to extend the mine life at Karowe to 2040 while generating significant economic benefits for the Company, its shareholders, and employees, the communities surrounding the mine and the country of Botswana. In anticipation of a decision to proceed with construction of an underground mine at Karowe, the Board of Directors are of the view that it would be prudent to re-direct the Company's available cash so that those funds can be available for early works including detailed engineering, procurement initiatives and project financing.



FINANCIAL HIGHLIGHTS

<i>In millions of U.S. dollars, except carats or otherwise noted</i>	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Revenues	\$ 45.3	\$ 45.7	\$ 136.5	\$ 135.6
Net income for the period	(4.0)	5.1	4.1	17.9
Earnings per share (basic and diluted)	(0.01)	0.01	0.01	0.05
Cash on hand	4.8	31.1	4.8	31.1
Average price per carat sold (\$/carat)*	390	450	436	564
Operating expenses per carat sold (\$/carat)*	201	185	182	208
Operating margin per carat sold (\$/carat)*	189	265	254	356

(*) Average price per carat sold, operating expenses per carat sold and operating margin per carat sold are Non-IFRS measures, see “Non-IFRS measures” below.

The Company recognized revenue of \$136.5 million or \$436 per carat for its sales in the first nine months of 2019, yielding an operating margin of \$254 per carat (58%). Starting in September 2018, the Company moved to a blended sales tender, combining the sale of exceptional stones with the balance of run of mine production into one tender, held quarterly. This change was made to decrease the inventory time for large, high value diamonds and to generate a smoother revenue profile that better supports price guidance on a per sale basis. During 2019, diamonds recovered between November 2018 and July 2019 were sold either in a blended sales tender or through the Clara digital sales platform. The one exception to this new practice was the retention of the 1,758 carat diamond named Sewelô. Due to the unique and complex nature of the Sewelô, additional analysis of the diamond is being undertaken while the Company considers how best to maximize value from this unique and rare diamond.

In the first nine months of 2019, a total of 313,189 carats were sold (YTD 2018: 240,245 carats) achieving a year-to-date average sales price of \$436/carat (YTD 2018: \$564/carat). The number of carats sold was 30% higher than in the comparative period driven by better recoveries in the smaller, lower value sizes. While still profitable, the smaller goods impact the average price per carat sold when compared to the prior year. The significant increase in carats is due to the continued strong performance of the plant which processed 2.16 million tonnes during the nine months ended September 30, 2019 (YTD 2018: 2.03 million tonnes milled). An improved mine call factor also contributed to higher recoveries of diamonds.

While most of Karowe’s diamond production is sold through a blended sales tender, beginning in late 2018 certain stones from Karowe’s production sized between 1 and 4 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. The first sale through Clara took place in December 2018. Five sales were completed on the platform during the first six months of 2019 and a further five sales through Clara were completed in Q3 2019, with \$2.4 million in value transacted in Q3 2019 and a total of \$6.0 million transacted since sales began. Continued growth of the platform is expected in the fourth quarter based on increasing demand from a growing customer base, which expanded from twenty to twenty-seven participants in Q3 2019. The Company’s objective is to begin adding third-party production to the platform before the end of the year in order to meet anticipated demand.

Operating expenses increased from \$50.0 million in the nine months ended September 30, 2018 to \$57.1 million in the nine months ended September 30, 2019 mainly due to a combination of an increase in the average cost per tonne mined (related to the new mining contractor) and lower volumes of total tonnes mined as well as higher volumes of total tonnes processed. Waste tonnes mined decreased as compared to the same period in 2018 as the significant waste stripping campaign (“Cut 2”) undertaken between 2017 and 2018 was substantially complete by



the end of 2018. In addition, ore mining was stronger than expected early in 2019 due to resource gains in the North Lobe that offset planned waste mining. Due to the higher volume of ore mined during the first few months of 2019, no waste stripping costs were capitalized and the strip ratio was reduced to below the life of mine average of 2.46. As a result, no capitalized stripping is now expected during 2019 (versus a strip ratio of 2.84 in 2019 guidance). In 2018, costs relating to waste mining in excess of the life of mine average strip ratio were capitalized. Additionally, due to higher plant availability, a 6% increase in total tonnes processed was achieved in the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. An increase in carats processed and sold resulted in a decrease in the operating expense per carat sold from \$208/carat in the nine months ended September 30, 2018 to \$182/carat in the nine months ended September 30, 2019.

Depletion and amortization, a non-cash expense, increased from \$20.1 million in YTD 2018 to \$38.1 million in YTD 2019 due to a combination of factors including a 30% higher volume of carats sold (313,189 carats YTD 2019 vs. 240,245 carats YTD 2018). The increase in this expense has been driven by several things: a larger number of fine diamonds recovered following improvements to the processing circuit implemented in late 2017, a higher mineral property balance from the waste stripping campaign between 2017 and 2018, and a corresponding increase in the rate of unit of production depletion from a change to the reserve base in Q3 2018. With depletion and amortization expense almost double what it was in the same period last year, net income decreased to \$4.1 million for the nine months ended September 30, 2019 as compared to net income of \$17.9 million in the same period in 2018. Earnings per share decreased to \$0.01 as compared to earnings per share of \$0.05 for YTD 2018. Adjusted Earnings Before Interest, Tax, Depletion and Amortization ("Adjusted EBITDA") for YTD 2019 was \$50.2 million (YTD 2018: \$55.7 million) (Adjusted EBITDA is a non-IFRS measure.).

The first nine months of 2019 were characterized by a continued, strong, stable operating environment at the Karowe Mine. Following record production achieved during the first two quarters of the year, the operations continued to deliver strong performance through Q3 2019, with 0.8 and 1.5 million tonnes of ore and waste mined respectively, and 0.68 million tonnes of ore processed. As a result, production yielded higher carat recoveries against plan and contributed to the sale of 116,200 carats during Q3 2019 at an average sales price of \$390/carat (Q3 2018: 101,600 carats sold at an average price of \$450/carat). The main driver for the differential in the average sales price per carat quarter to quarter was a 14% increase in the number of carats sold.

Net income and earnings per share performance were as expected for both the third quarter and year to date results and reflect the continued strength of production being realized at Karowe from the investments made over the past two years, as well as the transition to a blended sales tender in Q3 2018 which has created a smoother revenue profile.

While the pricing environment for both polished and rough diamonds remains challenging, during 2019 several large diamond producers have reduced the number of diamonds offered for sale and have provided greater flexibility to their customers, which has provided some stability to the marketplace. Further, US polished demand remains strong. Karowe's annual production (expected to be between 400,000 and 425,000 carats in 2019) represents a small fraction of the global rough diamond supply that is mined and sold each year. Diamonds mined from Karowe are sold either through a quarterly tender or through the Clara digital sales platform. Buyers of Karowe diamonds do not have firm purchasing commitments in either sales channel, 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 results in competitive pricing for Karowe goods. As a result, Lucara has not held back any goods in inventory (with the exception of the 1,758 carat Sewelô) and expects to be able to achieve its 2019 revenue guidance, albeit at the lower end (\$170 million to \$180 million) of the 2019 guidance.



QUARTERLY RESULTS OF OPERATIONS – KAROWE MINE, BOTSWANA

	UNIT	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18
Sales						
Revenues	US\$M	45.3	42.5	48.7	40.6	45.7
Proceeds generated from sales tenders conducted in the quarter are comprised of:	US\$M	45.3	42.5	48.7	40.6	41.8
Sales proceeds received during the quarter	US\$M	45.3	42.5	48.7	40.6	45.7
Q2 2018 tender proceeds received post Q2 2018	US\$M	-	-	-	-	(3.9)
Carats sold for proceeds generated during the period	Carats	116,200	101,931	95,057	110,553	89,461
Carats sold for revenues recognized during the period	Carats	116,200	101,931	95,057	110,553	101,600
Average price per carat for proceeds generated during the period	US\$	390	417	512	367	467
Average price per carat for proceeds received during the period	US\$	390	417	512	367	450
Production						
Tonnes mined (ore)	Tonnes	823,875	773,861	1,011,048	563,279	1,217,016
Tonnes mined (waste)	Tonnes	1,489,668	1,826,972	2,485,548	2,743,586	3,850,225
Tonnes processed	Tonnes	680,665	713,037	763,313	602,376	728,962
Average grade processed	cpht (*)	13.91	14.22	15.93	13.34	17.4
Carats recovered	Carats	104,990 ⁽¹⁾	109,312 ⁽²⁾	132,336 ⁽³⁾	81,850 ⁽⁴⁾	127,031
Costs						
Operating costs per carats sold (see page 12 Non-IRFS measures)	US\$	201	174	169	233	185
Capital expenditures	US\$M	0.7	1.4	2.4	6.5	2.4

(*) carats per hundred tonnes

- (1) 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.
- (2) 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.
- (3) 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.
- (4) Carats recovered during the period included 1,505 carats recovered from re-processing historic recovery tailings from previous milling and are excluded from the average grade processed.

THIRD QUARTER OVERVIEW – KAROWE MINE

Safety: Karowe had one lost time injury during the three months ended September 30, 2019 resulting in a twelve-month rolling Lost Time Injury Frequency Rate (“LTIFR”) of 0.12. In May 2019, Lucara Botswana and the Karowe Mine achieved a significant milestone, passing two years without a lost time injury.

Production: Ore and waste mined during the three months ended September 30, 2019 totaled 0.8 million tonnes and 1.5 million tonnes respectively. Tonnage processed was 0.68 million tonnes, with a total of 104,990 carats recovered. Approximately 10% of total carats (10,646 carats) were recovered from the re-processing of material previously milled, prior to the implementation of XRT technology, which is now a standard part of the recovery circuit at Karowe. During Q3 2019, ore processed was almost entirely from the South lobe. During Q3 2019, a total of 211 Specials were recovered including 7 diamonds greater than 100 carats in weight. Recovered Specials equated to 6.1% weight percentage of total recovered carats from ore processed (direct milling) during Q3 2019, in line with expectations.

Overall performance during the third quarter is consistent with the strong operational results achieved in the first half of 2019 and continues to build upon the significant operational improvements executed in late 2018 following



a transition between mining contractors. In addition, investments made in the plant during 2017 and 2018 are being realized through increased diamond recoveries and higher plant availability. Improvements to maintenance scheduling and equipment are expected to support this strong production trend and ore and waste mining are expected to meet or exceed planned volumes. Due to the higher volume of ore mined earlier in 2019 (resulting from ore gains on the waste contact), no waste stripping costs have been or are expected to be capitalized in 2019. Ore mining is expected to be above guidance for the year due to the resource gains in the North and Centre pipes, previously categorized as waste. Total waste mining volumes are expected to be at the lower end of guidance for the year, while total tonnes mined should be between 9.5 and 11.0 million tonnes.

Karowe's operating cash cost: Karowe's year to date operating cash cost (see page 11 Non-IFRS measures) was \$31.06 per tonne processed (YTD 2018: \$38.98 per tonne processed) below the revised full year forecast of \$32-\$34 per tonne processed. The decrease in cost per tonne processed compared to the nine months ended September 30, 2018 reflects lower volumes of waste tonnes mined following a significant waste stripping campaign undertaken between 2017 and 2018 as well as a 6% increase in tonnes processed from ongoing plant improvements.

Significant diamond recoveries: In April 2019, an unbroken, 1,758 carat stone was mined from the EM/PK(S) unit of the South Lobe and was recovered using XRT technology. In July 2019, following a contest open to all citizens of Botswana, this unique diamond was named Sewelô, meaning "rare find" in Setswana. In September 2019, a 123 carat gem quality top white Type II diamond was recovered from direct milled ore sourced from the EM/PK(S) unit of the South Lobe. Coloured stones of note recovered in the quarter included a 9.74 gem quality blue diamond and a 4.13 carat gem quality pink diamond from direct milled ore (not from re-processed material) sourced from the South Lobe. High quality, coloured diamonds typically command higher prices due to their relative rarity. One of the earliest examples of this was a 9.46 carat blue diamond named the "Aven Blue" which was recovered from Karowe in 2012 and which sold for \$477,000/carat. These three diamonds recovered in September will be sold in the tender scheduled for December 2019. The Company continues to evaluate the Sewelô and will provide an update on its plans for this stone, in the near term.

KAROWE UNDERGROUND UPDATE

In 2018, the Company embarked on a technical program to support a Feasibility Level study for a potential underground operation at the Karowe Diamond Mine. This program included the completion of an updated mineral resource, geotechnical drilling of the country rock and AK06 kimberlite, hydrogeological drilling and modelling, and mining trade off studies to address risks and issues identified during the PEA. A total of \$21.0 million was spent in 2018 in support of this work, which resulted in significant de-risking of the key technical components associated with the potential underground development.

During YTD 2019, \$10.9 million was spent to complete the geotechnical drilling program, geotechnical and geological logging, downhole geophysical survey, hyperspectral analysis of core, geotechnical modeling, hydrogeological drilling and studies, and mine planning activities in support of the ongoing feasibility study. Field programs were completed in late April 2019 and the results have been incorporated into the feasibility study.

On November 4, 2019, the Company announced the results of a Feasibility Study ("FS") for an underground mine at Karowe.

Key findings of the feasibility study include:

- The Karowe Mine has produced 2.5 million carats since 2012 and generated \$1.5 billion in revenue. The FS looks to double the mine life from the original mine design of 2010 and add net cash flow of \$1.22 billion and gross revenue of \$5.25 billion.
- After-tax NPV_(5%) of \$718 M with no real diamond price escalation



- Updated Resource confirms increasing value with depth. Indicated resource now stands at 35 million tonnes at 15 carats per hundred tonnes for a contained diamond resource of 5.1 million carats
- Long hole shrinkage underground bulk mining method selected will provide early access to higher value ore and allows for a short pay back period of 2.8 years and low operating costs of \$28.43 per tonne processed.
- On the basis of a construction start in mid-2020, ore from underground mining will seamlessly integrate into current operations providing mill feed starting in 2023 with a ramp up to 2.7Mtpa to the processing plant by 2026, and the opportunity to increase throughput. Current production rates will be maintained through the underground ramp up period.
- The Underground is designed to access the South lobe kimberlite resource below the current planned bottom of the open pit (which is expected to be at approximately 700 meters above sea level ("masl")), to a depth of 310 masl. Access to the South Lobe underground will be via two vertical shafts (production and ventilation) of approximately 765 and 715 meters deep respectively.
- Identified key risk areas of hydrogeology, geotechnical constraints of the kimberlite and host rocks have been addressed through an intensive set of work programs and data collection that commenced during the Preliminary Economic Assessment completed in November 2017 and were substantially updated and augmented by the FS study.

Next steps

In the first half of 2020, the Company will focus on detailed engineering and early procurement initiatives. The Company will also be reviewing financing options and will update the market when such decisions are reached. The anticipated capital requirements in 2020 represent less than 10% of the initial capex estimate and can be funded out of the Company's anticipated cash flow, as financing options are explored.

Please see press release entitled "Lucara Announces Positive Feasibility Study For Karowe Underground" dated November 4, 2019 for details of the feasibility study.

2019 OUTLOOK

This section of the press release provides management's production and cost estimates for 2019. These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements.

2019 Guidance has been updated for diamond revenue, diamonds recovered and sold, ore and waste tonnes mined and operating cash cost per tonne processed.



Karowe Diamond Mine	Full Year – 2019
<i>In millions of U.S. dollars unless otherwise noted</i>	
Diamond revenue (millions)	\$170 to \$180
Diamond sales (thousands of carats)	400 to 425
Diamonds recovered (thousands of carats)	400 to 425
Ore tonnes mined (millions)	3.0 to 3.4
Waste tonnes mined (millions)	6.5 to 7.5
Ore tonnes processed (millions)	2.5 to 2.8
Total operating cash costs ⁽¹⁾ including waste mined ⁽²⁾ (per tonne processed)	\$32.00 to \$34.00
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% to 29%
Average exchange rate – USD/Pula	10.5

(1) Operating cash costs are a non-IFRS measure. See “Non-IFRS Measures”.

(2) Includes ore and waste mined cash costs of \$4.00 to \$4.50; processing cash costs of \$12.00 to \$13.00 and mine-site departmental costs (security, technical services, mine planning, health & safety, geology) of \$5.00 to \$6.00 (all dollar figures in per tonne mined or processed).

Revenues for 2019 are expected to be at the lower end of guidance, between \$170 million and \$180 million (previously \$170 million to \$200 million). The Company’s revenue guidance is intentionally quite broad at the beginning of the year because of the Karowe Mine’s unique production profile, which is characterized by a consistent, high contribution of Specials (individual stones greater than 10.8 carats each). Those Specials which are gem-quality contribute to a significant percentage of the Company’s annual revenue. Through September 2019, a total of 19 diamonds have sold for more than \$1 million each, including 7 diamonds which sold for more than \$2 million each and 1 diamond which sold for over \$8 million.

Sustaining capital and project expenditures are expected to be approximately \$12.0 million, slightly lower than the original forecast of up to \$14.0 million in 2019. These expenditures include the construction of an additional slimes dam and design improvements related to the XRT recovery circuit. This does not include investments being made on the underground feasibility study noted below.

A budget of \$14.8 million was approved to complete a feasibility study that was initiated in 2018, evaluating the potential for an underground mining operation at Karowe. In 2019, efforts have focused on follow up geotechnical and hydrogeological drilling and related studies, with the results of the feasibility study. The feasibility study is expected to be completed on budget.

CONFERENCE CALL

The Company will host a conference call and webcast to discuss the results on Tuesday, November 5, 2019 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:

07240950 / Lucara Diamond

Dial-In Numbers:

Toll-Free Participant Dial-In North America

(+1) 888 390 0605

All International Participant Dial-In

(+1) 778 383 7417



Webcast:

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

<https://event.on24.com/wcc/r/2119756/AA485E110CEB641D00D3D85C66D077F6>

The presentation slideshow will also be available in PDF format for download from the Lucara website 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 November 12, 2019.

Replay number (Toll Free North America)

(+1) 888 390 0541

Replay number (International)

(+1) 416 764 8677

The pass code for the replay is: 240950#

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. 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.

This information is information that Lucara is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above on November 4, 2019 at 8:45 pm Pacific Time.

NON-IFRS MEASURES

This news release refers to certain financial measures, such as 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 third quarter, 2019 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: an updated estimate of the Company's mineral reserves and resources and the performance of the Company vis a vis such estimated mineral reserve and resources; the potential to extend the life of mine at the Karowe Mine; estimates of the Company's production and sales volumes for the Karowe Mine, including the Underground; estimated sustaining costs and capital expenditures related to the Karowe Mine, including the cost of the development and operation of the Underground and estimates related to the economic benefits of an underground mine, including the payback period; processing capabilities, recovery rates and cash flows for the Karowe Mine, including the Underground; anticipated future capital requirements for the Company; expectation of diamond prices and changes to foreign currency exchange rate; the timing and ability of management to further 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.