



Lucara Diamond

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NEWS RELEASE

LUCARA PROVIDES OPERATING OUTLOOK FOR 2018

NOVEMBER 29, 2017 (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm) Lucara Diamond Corp. (“Lucara” or the “Company”) is pleased to provide operating guidance for 2018 (all dollar amounts are in US dollars unless otherwise stated).

2018 HIGHLIGHTS

- Revenue is forecast at \$170 million to \$200 million.
- Karowe operating cash costs are expected to be between \$38.0 - \$42.0 per tonne processed as the Company continues to advance the major push back to fully access south lobe ore. Operating cash costs, excluding waste mining is expected to be \$21 - \$24 per tonne processed.
- The performance of the Company’s mining contractor has improved, and ore mined is forecast to increase to between 2.5 - 2.8 million tonnes in 2018 from 2017 forecast of between 1.4 - 1.6 million tonnes ore mined.
- Based on the positive results from the Preliminary Economic Analysis (“PEA”) for a potential underground mine at Karowe, the Company is continuing with a Pre-Feasibility Study (“PFS”) which we expect to release in Q2, 2018.
- The Company anticipates it will declare an annual dividend in 2018 of Canadian \$0.10 per share to be paid in four equal payments in the last month of each financial quarter.

William Lamb, President and Chief Executive Officer commented “The Company is forecasting to mine robust volumes from the high value south lobe and continuing waste mining to complete the push back at the Karowe mine to fully access south lobe ore. In 2018, we continue to advance our internal growth projects including the pre-feasibility study for an underground mine at Karowe as well as our exploration portfolio. Following the successful completion of the MDR and sub-middles projects as well as the expected completion of the cut 2 waste push back in early 2019, operating and capital costs are forecast to be significantly reduced going forward contributing to free cash flow in future periods”.

Karowe Mine - Diamond Sales, Production, and Cost Outlook:

Karowe Mine (all dollar amounts are in US dollars unless otherwise stated)	Full Year 2018
Diamond revenue (million)	170 - 200
Diamond sales (thousands of carats)	270 - 290
Diamonds recovered (thousands of carats)	270 - 290
Ore tonnes mined (million)	2.5 – 2.8
Waste tonnes mined (million)	13.0 – 16.0
Ore tonnes processed (million)	2.4 – 2.7

Total operating cash costs including waste mined (per tonne processed). This includes costs (a) to (c) below:	\$38.00 – \$42.00
(a) Ore and waste mined cash costs (per tonne mined)	\$2.90 - \$3.20
(b) Processing cash costs (per tonne processed)	\$13.75 – \$15.0
(c) Mine on-site departmental costs (security, technical services, mine planning, safety and health, geology) – per tonne processed	\$4.50 - \$5.50
Operating cash costs excluding waste mined (per tonne processed)	\$21.00 - \$24.00
Botswana general and administration costs including marketing costs (per tonne processed)	\$2.00 - \$3.00
Tax rate	22%
Average exchange rate – USD/Pula	9.8

Diamond Revenue

The Company forecasts revenue of between \$170 million to \$200 million, excluding the sale of significant high quality exceptional stones. Diamonds recovered and sold are forecast between 270,000 to 290,000 carats. The recovery of these high value diamonds can positively impact the Company's revenue. To date the Karowe mine has produced and sold the world's two highest value rough diamonds, the Lesedi La Rona and the Constellation for a combined value of \$116.1 million dollars as well as selling 7 rough diamonds in excess of \$10 million each.

Production

We remain on track to achieve the Company's 2017 production guidance. For 2018, the Company is forecasting ore mined guidance at to 2.5 - 2.8 million tonnes compared to 2017 forecast of 1.4 - 1.6 million tonnes.

The Karowe mine is forecast to process between 2.4 - 2.7 million tonnes of ore, producing between 270,000 and 290,000 carats. It is expected that the mill feed will comprise up to 85% south lobe ore during 2018. The South lobe grades are lower than the Centre and North lobes resulting in lower diamond recoveries however the overall higher diamond quality and value from the south lobe as compared to the Centre and North lobes results in higher average sales prices and resulting revenues and cash flows.

Cash Costs – Operating cost per tonne processed

Cash costs per tonne of ore processed is forecast to be between \$38.0 - \$42.0 per tonne. To fully access cut 2 south lobe ore requires at large volume of waste to be mined which significantly impacts operating cash costs in 2018 as it did in 2017. Operating cash costs, excluding waste mining is expected to be between \$21 - \$24 per tonne processed. The strip ratio is forecast at approximately 5.0 - 6.0 in 2018 before decreasing significantly in 2019 and then forecast at under 2.0 going forward from 2020. The decrease in waste mining is expected to add to free cash flow once the cut 2 push back is complete in 2019.

Tax rates

Boteti's progressive tax rate computation allows for the immediate deduction of operating costs, including the mining of waste as well as capital expenditures in the year they are incurred. Based on 2018 revenue guidance of \$170 - \$200 million and the additional waste mining next year along with the completion of the Company's capital program, the Company forecasts a tax rate of 22%.

Sustaining Capital Expenditures

Sustaining capital expenditures of up to \$11 million, includes final expenditure for the sub-middles XRT project which are part of the total project cost at \$45 million compared to guidance of \$45-\$48 million.

Exploration

A budget of up to \$6 million has been allocated to advance exploration work on the companies prospecting licenses. The Company is focused on drill programs at AK13, AK24, LDD programs based on results of core drilling and geophysical surveys in the vicinity of AK11 and AK24. Completion of processing of AK11 LDD samples and additional drilling will be conducted if warranted. The Company continues to set staged hurdle targets throughout its exploration program, where results will be evaluated to determine whether funding will be advanced for further work.

Underground Development

During 2017 the Company completed a preliminary economic assessment in accordance with the National Instrument 43-101 for the development of an underground mine to commence production shortly before the completion of the current open pit at the Karowe mine. Based on the positive PEA results the Company has continued with the development of a PFS which is anticipated to be complete in Q2, 2018. (See press release November 2, 2017).

The costs of a PFS in 2018 are forecast at up to \$3 million. Costs associated with geotechnical and hydrogeology drilling and additional studies in support of a Feasibility Study are forecast at up to \$26 million in 2018.

Dividend Policy

The Company anticipates it will declare an annual dividend in 2018 of Canadian \$0.10 per share to be paid in four equal payments in the last month of each financial quarter. The amount of any dividend declared will remain at the discretion of the Board of Directors. In determining the rate of the total dividend, in Canadian dollars per share, the Board of Directors will consider current operating results and outlook, the need to invest to maintain profitable long term growth, the external environment and any other factors deemed relevant.

On behalf of the Board,

William Lamb
President and CEO

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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.

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 and the Swedish Securities Market Act. This information was publicly communicated on Wednesday, November 29, 2017 at 2:30p.m. 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 LOM; 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; expectations regarding the need to raise capital; 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 “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.