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DIAMOND

NEWS RELEASE

LUCARA ANNOUNCES UPDATED MINERAL RESOURCE FOR KAROWE MINE

June 26, 2018 Vancouver, British Columbia (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm) Lucara Diamond Corp. (“Lucara” or the “Company”) is pleased to announce the results of the Mineral Resource Update prepared in accordance with National Instrument 43-101 (“NI43-101”). 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, at its Karowe Mine (“Karowe Mine”) in Botswana.

Highlights and Updated Mineral Resource Statement

- The remaining Indicated Mineral Resource for Karowe’s AK06 kimberlite includes 7.9 million carats hosted in 57.85 million tonnes (in situ and stockpile) at an average grade of 13.7 carats per hundred tonne (cpht) with an average modelled diamond value of US\$ 673 per carat
- Successful reclassification from Inferred to Indicated Resources for the AK06 kimberlite between 600 and 400 metres above sea level (masl). The new base of the Indicated Mineral Resource is at 400 masl (600 metres below surface). In situ Indicated Mineral Resources (as at end 2017) have increased by 44%
- A 54% increase in the remaining Indicated Mineral Resource for the South Lobe of the AK06 kimberlite from 4.42 Mct to 6.78 Mct achieved through the conversion of Inferred Mineral Resources to a depth of 400 masl
- Modifications to the internal geological model for the South Lobe of AK06 kimberlite result in the recognition of the EM/PK(S) unit as the volumetrically dominant unit at depth within the South Lobe. Historical recoveries from the EM/PK(S) have included several large and high value diamonds such as the 1109 carat Lesedi La Rona and the 813 carat Constellation
- 51% of the remaining South Lobe recoverable Indicated carats and 35% of the tonnage is attributable to the EM/PK(S) unit, in comparison with 12% carats and 8% tonnage from the previous estimate.
- 75% of the South Lobe Indicated recoverable carats between 600 and 400 masl is attributable to EM/PK(S)
- EM/PK(S) controlled sample yielded a grade of 17cpht with 9.5 weight % specials (>10.8ct), 47 diamonds greater than 10.8ct including 1 >100 carats and 6 diamonds > 50 carats in weight
- Mineral Resource estimates have been reported with an updated recoverable grade model to reflect current process plant efficiency
- Updated size distribution and value models which reflect improvements to fine diamond recovery with commissioning of the Phase 3 upgrades and overall diamond sales

Eira Thomas CEO, stated, “Going forward, the Karowe mine plan is dominated by South Lobe ore, with the high grade, high value EM/PK(S) unit becoming increasingly prevalent as we mine deeper. We now understand that some of Karowe’s large, high value diamonds originated from the EM/PK(S) unit including the historic 1109 carat Lesedi La Rona and the 813 carat Constellation which sold for a record US\$63 million. This resource update supports the continued recovery of large high value diamonds from the South Lobe throughout its remaining open pit mine life and the likelihood for underground mining until at least 2036. Feasibility work assessing the potential for underground mining, including hydrogeological and geotechnical drilling together with several mining trade off studies is ongoing.”

The Karowe Mine has been in commercial production since July 2012. The mine has produced and sold over 2 million carats from 13.9 million tonnes of processed kimberlite at an average sales price of \$US 606/carat. Karowe is firmly established as one of the world’s foremost producer of large and high value diamonds.

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 (CIM) Definition Standards for Mineral Resources and Reserves as incorporated by National Instrument 43-101 Standards of Disclosure for Mineral Projects.

The updated Mineral Resource (Table 1a), valid at the cut-off date of 26 December 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 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). The updated recoverable Indicated Mineral Resource for the South Lobe is presented in Table 1b, valid at a cut off date of 26 December 2017.

Table 1a: Statement of Remaining Mineral Resources in the AK06 kimberlite

| Classification | Resource | Volume (Mm ³) ¹ | Density (tpm ³) ² | Tonnes (Mt) ³ | Carats (Mct) ⁴ | Grade (cpht) ⁵ | \$/ct ⁶ |
|----------------|-------------|--|--|--------------------------|---------------------------|---------------------------|--------------------|
| Indicated | North Lobe | 0.62 | 2.48 | 1.54 | 0.20 | 13.0 | 222 |
| | Centre Lobe | 1.68 | 2.57 | 4.32 | 0.63 | 14.6 | 367 |
| | South Lobe | 16.29 | 2.92 | 47.63 | 6.78 | 14.2 | 716 |
| | LOM SP | 1.28 | 1.85 | 2.36 | 0.09 | 3.8 | 609 |
| | Working SP | 1.05 | 1.91 | 2.01 | 0.20 | 9.7 | 661 |
| | Total | 20.92 | 2.77 | 57.85 | 7.90 | 13.7 | 673 |
| Inferred | South Lobe | 1.93 | 3.02 | 5.84 | 1.17 | 20.0 | 716 |

The reported resources are those remaining (including stockpile material) as of 26 December 2017.

Table 1b: Statement of Remaining Indicated Mineral Resources in the South Lobe: AK06 kimberlite

| Classification | Resource | Volume (Mm ³) ¹ | Density (tpm ³) ² | Tonnes (Mt) ³ | Carats (Mct) ⁴ | Grade (cpht) ⁵ | \$/ct ⁶ |
|---------------------------|------------------|--|--|--------------------------|---------------------------|---------------------------|--------------------|
| Indicated above 600 masl | South (other) | 0.04 | 2.67 | 0.11 | 0.01 | 12.0 | 716 |
| | M/PK(S) | 8.24 | 2.91 | 23.97 | 2.64 | 11.0 | 716 |
| | EM/PK(S) | 2.56 | 2.76 | 7.06 | 1.31 | 18.6 | 716 |
| Indicated 600 to 400 masl | M/PK(S) | 2.23 | 3.05 | 6.80 | 0.70 | 10.3 | 716 |
| | EM/PK(S) | 3.23 | 3.00 | 9.68 | 2.11 | 21.8 | 716 |
| Indicated South Lobe | South Lobe Total | 16.29 | 2.92 | 47.63 | 6.78 | 14.2 | 716 |

1. m³ = million cubic metres, 2. tpm³ = tonnes per cubic metre, 3. Mt = million tonnes, 4. Mct = million carats, 5. cpht = recoverable (+1.25 mm) carats per hundred tonne, 6. \$/ct = recoverable (+1.25 mm) United States dollars per carat. Tonnage, grade and value estimates are based on updated Mineral Resource Estimate prepared by MSC under the supervision of Dr. Tom Nowicki of Mineral Services Canada Inc. a "Qualified Person" within the meaning of NI 43-101 and independent of Lucara. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The AK06 mining licence (ML2008/6L) expires in May 2023. The mining licence will have to be renewed for the underground development at AK06 to progress.



The Mineral Resource estimate for AK06 above 600 masl is restated with minor modifications from the previous project Technical Report (see Lucara Press Release of 15 December 2017). A high confidence geological model and comprehensive bulk density dataset constrain estimates of volume and tonnage. Grade estimates are based on a well-distributed Large Diameter Drilling (LDD) sample dataset that supports the interpolation of local grade estimates. Modifications to the previous estimate include revisions to the geological model, more aggressive capping of outlier LDD grade values used for interpolation and updated diamond values for the South Lobe to reflect the current production and sales dataset.

The Mineral Resource Estimate for AK06 below 600 masl has been significantly revised from the previous estimate based on the results of core drilling and microdiamond sampling work carried out in 2017/18. Volume and tonnage estimates are similarly based on the AK06 geological model and a spatially representative broad bulk density sample coverage. Grade has been estimated using a microdiamond-based approach that is based on a calibration of the ratio of microdiamond stone frequency (stones per kilogram) to + 1 mm LDD macrodiamond grade, explained in more detail in the grade section below.

The revised Indicated Mineral Resource will be used for mine planning purposes and to support the current feasibility level studies currently underway for the potential development of an underground mine at Karowe following the release of a positive PEA in Q4 2017 (see Lucara Press Releases of 15 December 2017, 2 November 2017).

Geological Model Update

The 2018 pipe shell model is defined by a total of 154 pierce points in 71 core drill holes and an additional 16 pierce points in 13 LDD holes (certain holes provide 2 pierce points, entering and leaving the pipe). Additional information on minimum shell constraints are provided by the substantial internal LDD and core drill coverage. The shell extends from surface (~1000 masl) to a minimum elevation of 256 masl.

The M/PK(S) and EM/PK(S) internal domain models have been significantly revised from those previously reported (see Lucara Press Release of 15 December 2017). The domains represent portions of the AK06 occupied primarily by the M/PK(S) and EM/PK(S) units, respectively. Comparison of 2017 drill core geology with the historical geological model suggested that the extent of the EM/PK(S) unit had previously been substantially underestimated. This was confirmed by a review of the historical South Lobe drill cores and the resultant updated domain models indicate that the EM/PK(S) is the volumetrically dominant unit below approximately 550 masl in the South Lobe.

Grade Estimates

Grade estimates above 600 masl are restated with minor modifications from the previous Mineral Resource Estimate. Grades are based on a well-distributed LDD sample dataset that supports the interpolation of a local grade model into the block model. Review of resulting grades derived using the historical grade dataset highlighted anomalies where outlier sample grades result in unrealistically high local estimates. A capping exercise was therefore carried out to reduce the impact of these anomalous values. This grade capping approach is similar to but slightly more aggressive than previously reported (see Lucara Press Release 15 December 2017).

Below 600 masl grade has been estimated using a microdiamond-based approach that is based on a calibration of the ratio of microdiamond stone frequency (stones per kilogram) to + 1 mm LDD macrodiamond grade. The calibration was based on LDD-recovered macrodiamond data and microdiamonds from adjacent pilot hole drill core samples. Distributed microdiamond results derived from spatially representative core drilling coverage of the South Lobe below 600 masl were used in conjunction with the established ratio of stone frequency to +1 mm LDD grade to derive average grade estimates for the M/PK(S) and EM/PK(S) domains present below 600 masl in the South Lobe.

The recovery efficiency of a production plant is variable and modifications to the plant process and changing physical properties of ore will affect the overall efficiency. The Karowe process plant has undergone modifications since



commencement of production in 2012. The most recent upgrades included installation of an XRT circuit treating the 50 to 125 mm material prior to milling (to reduce breakage of large diamonds) and the installation of an additional XRT circuit to treat material in the size range 4 to 8 mm to reduce the load on the DMS. Recent production data have therefore been used to derive an appropriate correction to convert +1 mm LDD grades (estimated as outlined above) into +1.25 mm recoverable grades for the Karowe plant in its current configuration. A correction factor of -30% has been used for conversion of all +1 mm LDD grade values to +1.25 mm grades recoverable with the current Karowe plant.

The estimated grade of the deep portion of AK06 (below 600 masl) has increased significantly relative to previously reported estimates (see Lucara Press Release of 15 December 2017). This is due to a substantial increase in the estimated proportion of the higher-grade EM/PK(S) domain which represents 59% (by mass) of the pipe between 600 and 400 masl compared to 23% of the pipe above 600 masl. This accounts for an increase in the estimated average grade of remaining South Lobe kimberlite from 12.7 cpht above 600 masl to 17.1 cpht between 600 and 400 masl.

Diamond Value

Diamond values estimates for each lobe are based on diamond size frequency distribution (SFD) and diamond value distribution data generated from 6 years of production. Valuation and sales data from production have been used to define value distributions (US\$/ct per sieve size class) that were applied to SFD models (weight % carats per sieve size class) for each lobe to generate average recoverable (+1.25 mm) diamond value estimates (US \$/ct). The value distribution model for the -10.8 ct size range is based on reserve prices generated by the Lucara Rough Diamond Price book adjusted to reconcile with final sales results. The value distribution model for the +10.8 ct size class is based on reserve and actual achieved sales prices for single diamonds. The value estimates do not include the two highest value diamonds to date, the Lesedi La Rona (1,109 carats sold for US\$ 53 million) and the Constellation (812 carats sold for \$US 63.11 million).

Table 2 Updated Estimates of Average Diamond Value (\$US/ct)

| Lobe | Average value (US\$/ct)* |
|--------|--------------------------|
| North | 222 |
| Centre | 367 |
| South | 716 |

** recoverable at 1.25 mm bottom cut-off) by lobe*

The revised modelled extent of the EM/PK(S) domain indicated the probable exposure of EM/PK(S) in the current open pit and the contact between the M/PK(S) and EM/PK(S) domains was subsequently mapped (January 2018) where exposed and accessible. This partially mapped contact was incorporated into the domain model and this work supported the collection of a controlled production bulk sample to confirm the SFD and establish the presence of high value diamonds within the EM/PK(S). The controlled production bulk sample of EM/PK(S) was carried out between 9 and 20 February 2018. During this period a total of 79,052 tonnes were processed, from which 13,562 ct were recovered yielding a grade of 17cpht. Furthermore,

- The sample returned 9.5 weight % carats of diamond larger than 10.8 ct;
- 47 diamonds greater than +10.8, including 1 diamond larger than 100 ct, and 6 diamonds larger than 50 ct
- A valuation report for the diamonds derived from the production bulk sample (GTD Consulting, 2018) documents an estimated observed average value of US\$753 per ct



Results from this controlled production run provide confirmation that the EM/PK(S) diamond population has an exceptionally coarse-grained SFD with a high proportion of large high value diamonds, equivalent to the well-established characteristics of the diamond population derived from the M/PK(S) domain. Extension of the EM/PK(S) unit upward into areas previously mined (but not previously recognized as EM/PK(S) in the original geological model) suggest that the unit has produced high value diamonds during previous processing periods, including the 1,109 carat Lesedi La Rona and the 812 carat Constellation diamonds in November 2015.

A single size distribution model and a single value distribution model has been used to estimate average value in the South Lobe. This approach may be revised as more discrete production and sales results become available from the EM/PK(S) unit.

Next Steps

- Mineral Resource Update will be used for mine planning and to support the preparation of feasibility-level studies for the potential development of an underground mine
- An updated LOM open pit plan will be developed
- Additional studies to determine a drill program to increase geological confidence in the resource below 400 masl

This press release has been reviewed and approved by Dr. John Armstrong, PhD. P.Geol., VP Mineral Resources of the Company and a “Qualified Person” for the purposes of NI 43-101.



CONFERENCE CALL:

The Company will host a conference call and webcast to discuss the Mineral Resource Update on Wednesday, June 27, 2018, 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:

9289567 / 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/d6q7gkxr>

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.

This information is information that Lucara Diamond Corp. is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on June 26, 2018 at 1:15 p.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 achievements expressed or implied by such forward-looking statements. The Company believes that expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included herein should not be unduly relied upon. In particular, this release may contain forward -looking statements pertaining to the following: the estimates of the Company’s mineral reserves and resources, including the assumptions and estimates underlying such mineral reserve and resource estimates; estimates of the Company’s production capabilities, processing capabilities, recovery rates, cash flows and sales volumes for the Karowe Project, including the potential effect of the development and integration of the proposed underground mine at the Karowe Project on production, sales volumes and the expected LOM of the Karowe Project; estimated costs to construct the proposed Karowe Underground development at the Karowe Project, expected start-up, exploration and development plans and mine designs at the Karowe Project, and the timelines associated therewith, and objectives, expected production costs, expected exploration and development expenditures and expected reclamation costs at the Karowe Project, including such plans, objectives and economic estimates, including cost and expenditure estimates, used in or arising from the PEA or in relation to the proposed Karowe Underground project; the expected completion date of open-pit operations at the Karowe Mine; the expected completion of an updated mineral resource estimate and a PFS at the Karowe Project; expected Karowe Project enhancement opportunities resulting from the Karowe Underground PEA; expectations regarding diamond prices and changes to foreign currency exchange rates; expectations regarding the need to raise capital; possible impacts of disputes or litigation and other risks and uncertainties describe under Risks and Uncertainties disclosed in the Company’s Annual Information Form.

There can be no assurance that such statements will prove to be accurate, as the Company’s results and future events could differ materially from those anticipated in these forward-looking statements as a result of those factors discussed in or referred to under the heading “Risk Factors” 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, development and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated delays in the completion of the updated mineral resource estimate and PFS at



the Karowe Project; unanticipated events relating to the development of the proposed Karowe Underground project; unanticipated operational difficulties (including the failure of plant, equipment or processes to operate in accordance with specifications or expectations, or the failure of the Company to effectively integrate the proposed Karowe Underground with existing operations at the Karowe Project), 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.