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NEWS RELEASE

LUCARA REPORTS STRONG OPERATIONAL RESULTS IN A YEAR OF HISTORIC DIAMOND RECOVERIES

February 23, 2016 (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm) Lucara Diamond Corp. (“Lucara” or the “Company”) reports full year revenues of \$224 million for the year and cash of \$134.5 million. All figures are in U.S. dollars except for the dividend.

HIGHLIGHTS:

- The recovery of the Lesedi La Rona in November 2015, the first diamond over 1,000 carats to be recovered in more than 100 years and the largest ever from a Botswana operation.
- The Company is very pleased to be provided with the opportunity to soon showcase the historic Lesedi La Rona to the President of Botswana and his cabinet.

Financial:

- EBITDA for the period year was \$134 million (2014: \$173.4 million), with an EBITDA margin of 60%. Return on equity was 30%.
- Net cash position \$134.5 million (2014: \$100.8 million).
- Year to date costs at \$29 per tonne ore processed were well controlled and were below forecast.
- Plant optimization, bulk sample plant project and sustaining capital costs were all within forecast.
- Full year earnings per share were \$0.21 per share (2014: \$0.13 per share).
- 2015 year end diamond inventory includes over 60,000 carats. The Company's first exceptional stone tender is closing on April 13, 2016, which excludes the three large stones recovered and announced in November 2015.

Operational: Karowe Mine

- Recovery of the Lesedi La Rona (1,109 carats) and the 813 carat stone. The largest and second largest gem quality diamonds ever to be recovered in Botswana.
- The recovery of these stones demonstrates the capabilities of a newly implemented large diamond XRT recovery circuit, a key deliverable of the plant optimization project.
- Mining of ore was in line with forecast and waste stripping to open the pit at depth was ahead of schedule.
- Exceptional recovery of large stones with a total of 47 stones greater than 100 carats (2014: 31 stones) including 20 stones greater than 200 carats (2014: 4 stones) of which seven stones were greater than 300 carats.

Exploration:

- Sampling progressed well with kimberlite processed from BK02. The BK02 diamond results will be released once processing of the sample is complete, which is expected to be during the first half of 2016.
- Bulk sampling activities at AK12 will commence in the first quarter of 2016 and will be followed by trenching at AK11 during Q2 2016.

William Lamb, President and Chief Executive Officer commented “2015 was a year of strong operational delivery with the timely completion of our plant optimization project and large diamond recovery, culminating in the recovery of the second and sixth largest gem quality diamonds ever to be unearthed. Our continued focus on cost control and our disciplined deployment of capital has resulted in the Company achieving a 30% return on equity and with our strong cash generation has enabled the introduction of a progressive dividend for our shareholders going forward.

In 2016 we are focused on completing the installation of our Mega Diamond Recovery circuit as well as organic growth at Karowe through our deep drilling and exploration programs in Botswana.

The diamond market experienced some weakening in 2015 and we retain a cautious outlook on diamond prices for 2016. We believe the long term fundamentals for the diamond market remain strong and with the outstanding quality of our Karowe production, which will be increasingly from the high value south lobe, Lucara is in an excellent position for continued financial growth and we remain committed to achieving strong returns for our shareholders”.

FINANCIAL UPDATE

Revenues: During the year the Company had sales totaling 377,136 carats for gross proceeds of \$223.8 million at an average price of \$593 per carat. The Company continued to achieve strong prices for its exceptional stone sales resulted in an average price of \$31,597 per carat in 2015 for 3,114 carats sold (2014: \$32,471 per carat for 4,176 carats sold). The regular tenders achieved an average price of \$335 per carat, an increase of 5.3% compared to 2014 which reflects the quality of the mine's production and an increasing proportion of south lobe material.

Cash flows and operating margins: EBITDA for 2015 was \$133.9 million (2014: \$173.4 million). The decrease in operating margins was largely due to reduction in carats sold in 2015. The Company's focus on cost control, which resulted in a cost per tonne treated of \$28.9 (2015 guidance: \$33-\$36 per tonne) contributed to the Company achieving an EBITDA margin of 60%.

Net cash position: The Company's year-end net cash balance was \$134.8 million (2014: \$100.8 million). The increase in the Company's cash balance was due to its strong operating cash flows, which financed the Company's plant optimization expenditure, stripping costs and its dividend payment to shareholders of \$11.8 million during the year. The Company paid \$22.4 million in royalties and \$46.7 million in taxes to the Government of Botswana of which \$35.2 million was for 2015 taxes and the remainder largely for the final 2014 tax payment. The Company has a residual 2015 tax payable balance of \$9.5 million, which is forecast to be paid during the first quarter of 2016. The Company's \$50 million credit facility remains undrawn.

Earnings per share: Earnings per share was \$0.21 per share for the year ended December 31, 2015 (2014: earnings per share was \$0.13) and \$0.05 per share for the quarter ended December 31, 2015 (2014: earnings per share was \$0.04).

Dividends: The Company paid its semi-annual dividend of CDN 2 cents per share on December 17, 2015 for a cumulative dividend of CDN 4 cents per share for the year. The total dividend paid in 2015 by the Company was \$11.8 million.

In 2016 the Company is introducing a progressive dividend with the aim to maintain or increase the Canadian dollar dividends per share on an annual basis. The dividends will be paid on a quarterly basis. The Company has declared a first quarter dividend of CDN 1.5 cents per share. The dividend is expected to be paid on March 31, 2016 to holders of securities on the record of the Company's common shares at the close of business on March 18, 2016. The Company anticipates that it will declare a further three payments of CDN 1.5 cents per share in 2016 at the end of each quarter for a total yearly dividend of CDN 6 cents per share however the declaration of all future dividends each quarter remains in the discretion of the Board of Directors and is subject to the requirements of the Company's dividend policy.

FINANCIAL HIGHLIGHTS

<i>In millions of U.S. dollars unless otherwise noted</i>	Three months ended December 31		Year ended December 31	
	2015	2014	2015	2014
Revenues ⁽¹⁾	\$ 65.2	\$ 70.5	\$ 223.8	\$ 265.5
Average price per carat sold (\$/carat)	693	675	593	644
Operating expenses per carat sold (\$/carat)	137	89	133	115
Operating margin per carat sold (\$/carat)	556	586	460	529
Net income (loss) for the period ⁽²⁾	19.0	(16.8)	77.8	45.7
Earnings (loss) per share (basic)	0.05	(0.04)	0.21	0.13
Earnings (loss) per share (diluted)	0.05	(0.04)	0.20	0.13
Cash on hand	\$ 134.8	\$ 100.8	\$ 134.8	\$ 100.8

(1) Revenue is presented based on cash receipts received during the period and excludes any tender proceeds received after each quarter end. See results of operations for reconciliation of revenue and total proceeds for tenders proceeds received after quarter end.

(2) Net loss in Q4 2014 was mainly generated by the Mothae impairment and restoration charge: \$21.2 million in the period.

RESULTS OF OPERATIONS

Karowe Mine, Botswana

	UNIT	Year ended Dec-15	Q4-15	Q3-15	Q2-15	Q1-15	Q4-14
Sales							
Revenues	US\$m	223.8	65.2	90.8	38.1	29.7	70.5
Proceeds generated from sales tenders conducted in the quarter are comprised of:	US\$m	223.8	65.2	89.2	39.7	29.7	70.5
Sales proceeds received during the quarter	US\$m	223.8	65.2	90.8	38.1	29.7	70.5
Q2 2015 tender proceeds received post Q2 2015	US\$m	-	-	(1.6)	1.6	-	-
Carats sold for proceeds generated during the period	Carats	377,136	94,026	76,156	100,177	106,777	104,405
Carats sold for revenues recognized during the period	Carats	377,136	94,026	83,960	92,373	106,777	104,405
Average price per carat for proceeds generated during the period**	US\$	593	693	1,171	396	278	675
Average price per carat for proceeds received during the period***	US\$	593	693	1,081	412	278	675
Production							
Tonnes mined (ore)	Tonnes	3,187,222	1,038,901	864,180	722,855	561,287	757,672
Tonnes mined (waste)	Tonnes	13,890,115	3,143,168	3,224,971	4,278,605	3,243,372	2,477,687
Tonnes treated	Tonnes	2,238,974	567,966	560,501	506,538	603,969	566,681
Average grade processed	cpht ^(*)	16.3	15.6	18.0	16.9	14.9	20.1
Carats recovered	Carats	365,690	89,247	100,651	85,714	90,077	113,950
Costs							
Operating costs per carats sold	US\$	133	137	130	160	108	89
Capital expenditures (including capitalized waste)							
Plant Optimization	US\$m	16.1	1.6	2.9	2.2	9.4	16.6
Sustaining capital	US\$m	5.0	0.6	1.2	2.1	1.1	2.3
Bulk Sample Plant	US\$m	2.5	0.7	1.4	0.2	0.2	2.0
Capitalized waste	US\$m	12.6	1.0	2.3	4.2	5.1	1.8
Total	US\$m	36.2	3.9	7.8	8.7	15.8	22.7

(*) carats per hundred tonnes

(**) Average price per carat for proceeds generated during the period includes all sales tendered during the period including proceeds received post the quarter end

(***) Average price per carat for proceeds received during the period includes all sales proceeds collected during the period including proceeds received during the quarter

OPERATIONS: KAROWE MINE

Operational performance at Karowe for 2015 was in line with forecast for the year.

Safety performance for the year was excellent with Safety and Health Lost time injury frequency rates ('LTIFR') for 2015 of less than 0.4 (measured per 1,000,000 hours) (2014: 0.99).

Mining performed well, concentrating in the south lobe was ahead of forecast. Waste stripping to access the ore body at depth progressed well and all mine face positions are in line with forecast.

Tonnes milled were in line with forecast. During the fourth quarter a total of 205 special stones (+10.8 carats) were recovered at an average size of 52.46 carats. This included the historic Lesedi La Rona type Ila diamond as well as the second and third largest stones ever recovered at Karowe. For the full year Karowe recovered a total of 727 stones greater than 10.8 carats (2014: 815 stones greater than 10.8 carats) with an average stone size of 36.7 carats per stone (2014: 29 carats per stone). A total of 47 stones greater than 100 carats were recovered (2014: 31 stones) including 20 stones greater than 200 carats (2014: 4 stones) of which seven stones were greater than 300 carats

The study to increase the top size of diamonds recoverable by the existing Large Diamond Recovery circuit has now moved to the engineering design phase, and a further plant upgrade to recover exceptionally large diamonds immediately post primary crusher has commenced.

EXPLORATION AND MOTHAE

Botswana Prospecting Licenses:

The Company was awarded two precious stone prospecting licenses (PL 267/2014 and PL 271/2014) which host the known kimberlites BK02, AK11 and AK12, AK13 and AK14. The prospecting licenses are located within a distance of 15 km and 30 km from the Karowe Diamond mine. Ground geophysical surveys were conducted over the known kimberlite occurrences within the prospecting licenses during Q4 2014 and Q1 2015. The geophysical results confirmed the kimberlite localities and have provided information that has been used to plan our core drilling and surface sampling programs. Additional geophysical surveys are planned for first quarter of 2016.

Bulk sampling activities at BK02 were 50% completed as at December 31, 2015 and processing of the surface sample was initiated during Q4 2015. The BK02 diamond results will be released once processing of the sample is complete which is expected to be at the first half of 2016. Bulk sampling activities at AK12 will commence in the first quarter of 2016 followed by trenching at AK11. Environmental approvals for drilling campaigns on the Prospecting Licenses are still pending with the Republic of Botswana Department of Environment Affairs "DEA".

Mothae Diamond Project, Lesotho

Following the signing of a Memorandum of understanding for the sale of the Mothae Diamond project to Paragon Diamonds Limited ('Paragon'), a share purchase agreement was entered into effective July 2, 2015. During the fourth quarter, Paragon was unable to complete the share purchase agreement and as such the Company has relinquished its 75% ownership of the project back to the Government of Lesotho and is currently working with the Government of Lesotho to finalize its plan for the rehabilitation of the project. Lucara has no remaining ownership in this project.

2016 OUTLOOK

These are “forward-looking statements” and subject to the cautionary note regarding the risks associated with forward-looking statements.

Karowe Mine, Botswana

Karowe is forecast to process 2.2-2.4 million tonnes of ore, producing over 350,000 carats of diamond in 2016. Revenue is forecast between \$200 and \$220 million. This excludes the anticipated sale of high value diamond inventory such as the Lesedi La Rona and the 813 carat stone held in inventory at December 31, 2015.

Ore mined is forecast between 3.0-3.5 million tonnes and waste mined is expected to be between 13.0-14.0million tonnes.

Karowe’s operating cash costs are expected to be between \$33.5 and \$36.5 per tonne ore treated.

Capital expenditures in 2016 include the installation of a Mega Diamond Recovery circuit for a total investment of between \$15 million to \$18 million and sustaining capital expenditure is forecast to be approximately \$11 million. Sustaining capital includes a mill re-liner cost of \$1.5 million and an investment of \$1.5 million for a combined sales and administrative office in Gaborone.

The Company budgeted \$3.7 million for deep drilling on the AK6 kimberlite and south lobe to convert inferred resources below 400 metres depth to an indicated resource. An exploration budget of up to \$7.0 million is forecast for advanced bulk sampling and drilling work at the Company’s two Botswana prospecting licenses.

The USD/Pula outlook foreign exchange rate is 10.

On behalf of the Board,

William Lamb
President and CEO

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About Lucara

Lucara is a well positioned diamond producer. The Company has an experienced board and management team with extensive diamond development and operations expertise. The Company's main producing asset is the 100% owned Karowe Mine in Botswana. The Company also conducts exploration activities and holds two precious stone prospecting licenses close to its Karowe mine.

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 Lucara Diamond Corp. under the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was publicly communicated on February 23, 2016 at 2:30 p.m. Vancouver 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 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 correct 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 reserves and resources; estimates of the Company's production and sales volumes for the Karowe Mine; estimated costs for capital expenditures related to the Karowe Mine, start-up, exploration and development plans and objectives, production costs, exploration and development expenditures and reclamation costs; expectation of diamond price and changes to foreign currency exchange rate; expectations regarding the need to raise capital; possible impacts of disputes or litigation and other risks and uncertainties describe under "Risks and Uncertainties" as disclosed in the Company's most recent 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 this forward-looking information as a result of those factors discussed in or referred to under the heading "Risk 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 and availability 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.