



## Lucara Diamond

885 W. Georgia Street, Suite 2000 | Vancouver, BC, Canada V6C 3E8  
 Tel: 604 689 7842 | Fax: 604 689 4250  
 lucara@namdo.com | lucaradiamond.com

### NEWS RELEASE

### LUCARA PROVIDES OPERATING OUTLOOK FOR 2017

**November 30, 2016 (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm) ... Lucara Diamond Corp.** (“Lucara” or the “Company”) is pleased to provide operating guidance for 2017.

#### HIGHLIGHTS

- Revenue of \$200 to \$220 million is budgeted excluding the sale of the Lesedi La Rona diamond.
- Karowe operating cash costs are expected to be between \$36.0 - \$40.0 per tonne processed following a planned increase in waste mining as the Company advances toward early completion of a major push back by the end of 2018. This will create further optionality for accessing high value south lobe ore. Operating cash costs, excluding waste mining is expected to be \$19 - \$20 per tonne processed in 2017.
- The exploration program continues to advance in 2017 with focus on a second 5000 tonne bulk sample at BK02, drilling at AK13 as well as micro diamond analysis at AK11.
- Deep drilling is forecast to be complete in early 2017, which is expected to result in an updated resource statement.
- The Company anticipates it will declare an annual dividend in 2017 of Canadian \$0.10 per share to be paid in four equal payments at the end of each financial quarter.

William Lamb, President and Chief Executive Officer, commented, “2016 has been a successful year for Lucara with strong cash flows driven by revenues from the south lobe supported by our continued focus on cost control. Our performance resulted in a special dividend payment in 2016 and we anticipate increasing our 2017 dividend from CAD \$0.06 per share to CAD \$0.10 per share. 2017 sees our focus on advancing the push back in the pit at the Karowe mine, which is forecast to be complete by the end of 2018, giving us full access to the high value south lobe ore and a significant reduction in waste mining going forward. Our exploration and drilling programs for resource extension are progressing and we look forward to announcing those results in 2017”.

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

Karowe Mine	Full Year 2017
Diamond revenue (million) – excluding sale of the Lesedi La Rona	\$200 - 220
Diamond sales (thousands of carats)	290 - 310
Ore tonnes mined (million)	2.4 – 2.7
Waste tonnes mined (million)	17.0 – 20.0
Ore tonnes processed (million)	2.2 – 2.5
Total operating cash costs including waste mined (per tonne processed). This includes costs (a) to (c) below:	\$36.00 – \$40.00
(a) Ore and waste mined cash costs (per tonne mined)	\$2.70 - \$2.90
(b) Processing cash costs (per tonne processed)	\$11.0 – \$12.0
(c) Mine on-site departmental costs (security, technical services, mine planning, safety and health, geology) – per tonne processed	\$3.50 - \$4.50

Operating cash costs excluding waste mined (per tonne processed)	\$19.00 - \$20.00
Botswana general and administration costs including marketing costs (per tonne processed)	\$2.50 - \$3.00
Tax rate	22% - 25%
Average exchange rate – USD/Pula	10.3

### **Diamond Revenue**

The Company forecasts revenue of between \$200 to \$220 million excluding the sale of the Lesedi La Rona diamond. The Company continues to recover both large and exceptionally high value diamonds from the mine and is now focused on the higher value south lobe. It is difficult to predict incidence of the large high value diamonds and the potential lead time to sell such diamonds at maximum value. The Company therefore considers sales from these diamonds as additional revenue to the baseline \$200 to \$220 million revenue forecast.

### **Production**

The Karowe mine is forecast to process between 2.2 - 2.5 million tonnes of ore, producing between 290,000 and 310,000 carats of diamond. It is expected that the mine will process material largely from the south lobe during 2017. The overall grades of the south lobe are lower than the centre and north lobes resulting in lower diamond production, which is expected. However, the overall diamond quality and value of the south lobe is much higher and has historically resulted in significantly increased revenue and cash flow. The Company plans to issue an updated NI43-101 report following completion of deep drilling work at Karowe.

### **Cash Costs – Operating cost per tonne processed**

Cash costs per tonne of ore processed is forecast to be between \$36.0 - \$40.0 per tonne. The increase in cash costs in 2017 is largely due to the expected increase in waste mining and accounts for an increase of between a \$7 - \$8 per tonne processed in 2017. The remainder of the forecast cost increase is due to expected higher operating costs impacted by changes to the process plant facilities and an increase in forecast power costs in Botswana. A CPI increase in Botswana of approximately 4% is also included in the expected operating costs. Operating cash costs, excluding waste mining is expected to be \$19 - \$20 per tonne processed in 2017.

### **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. The Company is forecasting a tax rate of 42% for 2016. Based on 2017 revenue guidance of \$200 - \$220 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 between 22 - 25%.

### **Capital Expenditures:**

Capital projects are forecast at between \$33 - \$35 million in 2017. This capital investment is largely for the completion of the Mega Diamond Recovery (MDR) and -8+4mm sub-middles XRT projects, which were commenced in 2016 and were initially forecast to be complete in 2017. Both projects are forecast to be completed within budgeted costs of between \$15 - \$18 million and up to \$30 million respectively. Sustaining capital is forecast to be between \$7 - \$9 million in 2017.

## Exploration

A budget of up to \$10.0 million has been allocated to advance exploration work and the Company's underground study. 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. Focus in 2017 will be on BK02, AK11 and AK13. Karowe deep drilling on the AK6 kimberlite and south lobe is to be completed in 2017 with the aim of convert inferred resources below 400 metres depth to an indicated resource and to determine the economic viability for underground mining, potentially extending the life of mine at Karowe.

## Dividend Policy

In 2016, the Company introduced a progressive dividend with the aim to maintain or increase the Canadian dollar dividends per share paid each year on a quarterly basis. The Company anticipates it will declare an annual dividend in 2017 of Canadian \$0.10 per share to be paid in four equal payments at the end 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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For further information, please contact:

Sophia Shane, Corporate Development  
Sweden: Robert Eriksson, Investor Relations  
UK: Louise Mason, Citigate Dewe Rogerson

+1 (604) 689-7842, [sophias@namdo.com](mailto:sophias@namdo.com)  
+46 701-112615, [eriksson@rive6.ch](mailto:eriksson@rive6.ch)  
+44 (0)20 7282 2932, [Louise.Mason@Citigatedr.co.uk](mailto:Louise.Mason@Citigatedr.co.uk)

## 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 EU Market Abuse Regulation and the Securities Markets Act. This information was submitted for public release by the above person(s) on November 30, 2016 at 2:30 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 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.