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NEWS RELEASE

LUCARA ANNOUNCES FIRST QUARTER RESULTS

Date May 2, 2017 (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm) Lucara Diamond Corp. (“Lucara” or the “Company”) today reports first quarter revenues of \$26.1 million and a cash balance of \$43.5 million (all dollar amounts are in US Dollars unless otherwise indicated).

HIGHLIGHTS:

Financial:

- Revenue was \$26.1 million or \$405 per carat (Q1 2016: \$50.6 million and \$649 per carat)
- EBITDA was \$4.9 million for the period (Q1 2016: \$30.7 million)
- Q1 cash position of \$43.5 million (FY 2016: \$53.3 million)
- Operating costs were \$19.9 per tonne processed (Q1 2016: \$25.3 per tonne)
- Earnings per share for the quarter was nil (Q1 2016: \$0.05 earnings per share)
- Revenue, EBITDA and earnings per share performance were as expected and reflect the overall timing of the Company’s sales tenders, with a single tender held during the first quarter. The Company maintains its 2017 revenue forecast of \$200-\$220 million, with 80% of its revenue forecast from the Company’s exceptional stone tenders and the sale of specials (>10.8 carats) in its regular tenders. The Company has consistently recovered these specials (>10.8 carats) and there remains strong demand for these diamonds.
- The Company announced its 11th Exceptional Stone Tender (‘EST’) to close on May 11th. The tender includes 15 diamonds weighing 1,765 carats for an average of 117 carats per stone with six of the offered diamonds weighing in excess of 100 carats.

Operational: Karowe Mine

- Karowe’s waste mining, ore processing and carats recovered were in line with forecast. Ore mined was below forecast due to the impact of extraordinarily heavy rains during Q1. Ore mined has increased in Q2 and is expected to achieve 2017 forecast.
- Karowe’s new mine contractor Aveng Moolmans commenced mobilization to the Karowe mine in February and is expected to achieve full production during Q2
- The Mega Diamond Recovery and the sub middles XRT project are advancing and are forecast to be completed on time and on budget in 2017

Exploration:

- The Company’s drilling program at the Karowe Mine to test the AK06 kimberlite at depths below 400m was completed in February 2017. Mineral Services Canada has been contracted to assist in the development of the sampling program and internal geology updates that will be utilized for an updated resource estimate for the current inferred portion of the Karowe Mine. The resource update is expected to be complete in Q4, 2017.
- Further work was conducted on BK02, AK11, AK13 and AK14 during the period. Diamond valuation for BK02 was determined to be US\$56.76 per carat. Based on the grade and yield information, no further work on

BK02 is planned at this time. No further work will continue on AK14 following the drilling results. Microdiamond analysis is being conducted on AK11 and AK13 diamonds which may result in further drilling work based on the overall results.

William Lamb, President and Chief Executive Officer commented "With a strong focus on operational delivery we ensured our new mining contractor, Aveng Moolmans, successfully mobilized and ramped up operations at Karowe. Costs remain strongly controlled as we advance our capital projects and resource upgrade work. Q1 sales were in line with expectations, following recovering diamonds from our stockpiles as Aveng Moolmans fully mobilized to the Karowe mine. Our Exceptional Stone Tender, planned for Q2, positions Lucara well for the year and with mining now ramped up and with a renewed focused on south lobe ore, we anticipate the delivery of strong cash flow returns".

FINANCIAL UPDATE

Revenues: The Company achieved revenues of \$26.1 million (2016: \$50.6 million) or \$405 per carat (2016: \$649 per carat) for its first regular tender, yielding an operating margin of \$188 per carat during the period. The decrease in revenues in Q1 2017 compared to Q1 2016 was due to a lower volume of carats being sold and a decrease in the carat weight of specials sold. A larger volume of +10.8ct specials were sold in Q1 2016 (6,936 carats) compared to Q1 2017 (2,379 carats), which reflected the above average recoveries of specials during Q4 2015. The average prices in the Q1 2017 tender are amongst the top three in terms of \$/carat achieved over the 30 Lucara regular tenders held to date. The decrease in overall carats sold in Q1 2017 compared to the prior year reflects the processing of lower grade stockpiles during a transition of mining contractors at Karowe.

Net cash position: The Company's quarter-end cash balance was \$43.5 million (\$144.3 million at March 31, 2016 and FY 2016 \$53.3 million). The decrease in cash position from year end 2016 closing balance of \$53.3 million was primarily due to investment of capital projects of \$5.0 million and a dividend payment of \$7.2 million, partially offset by Q1 sales. The final 2016 tax installment of \$9.5 million is to be paid in Q2. The Company's \$50 million credit facility remains undrawn.

Earnings per share: The Company recorded a \$nil earnings per share during the quarter (Q1 2016: \$0.05 earnings per share). The earnings per share during the period is largely due to the timing of the Company's sales. The Company had one sale during Q1 which will be followed by two sales in Q2 including the Company's first exceptional stone sale in 2017.

Dividend Paid: In 2017, the Company increased its first quarterly dividend from CDN 1.5 cents per share to CDN 2.5 cents per share. The Company paid \$7.2 million for its first CDN 2.5 cents per share on March 30, 2017.

FINANCIAL HIGHLIGHTS

<i>In millions of U.S. dollars unless otherwise noted</i>	Three months ended	
	2017	March 31 2016
Revenues (*)	\$ 26.1	\$ 50.6
Average price per carat sold(**) (\$/carat)	405	649
Operating expenses per carat sold(**) (\$/carat)	217	136
Operating margin per carat sold(**) (\$/carat)	188	513
Net income (loss) for the period	(1.5)	17.1
Earnings (loss) per share (basic and diluted)	(-)	0.05
Cash on hand	43.5	144.3

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

(**) Non-IFRS measures.

RESULTS OF OPERATIONS

Karowe Mine, Botswana

	UNIT	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16
Sales						
Revenues	US\$m	26.1	66.0	38.1	140.8	50.6
Proceeds generated from sales tenders conducted in the quarter are comprised of:	US\$m	26.1	66.0	29.8	149.1	50.6
Sales proceeds received during the quarter	US\$m	26.1	66.0	38.1	140.8	50.6
Q2 2016 tender proceeds received post Q2 2016	US\$m	-	-	(8.3)	8.3	-
Carats sold for proceeds generated during the period	Carats	64,444	88,957	84,059	107,801	77,990
Carats sold for revenues recognized during the period	Carats	64,444	88,957	114,659	77,200	77,990
Average price per carat for proceeds generated during the period**	US\$	405	743	355	1,383	649
Average price per carat for proceeds received during the period***	US\$	405	743	332	1,824	649
Production						
Tonnes mined (ore)(****)	Tonnes	131,380	582,169	650,290	884,212	605,705
Tonnes mined (waste)(****)	Tonnes	587,177	2,728,915	3,092,110	2,868,798	2,368,218
Tonnes processed	Tonnes	598,934	630,471	650,646	680,190	651,909
Average grade processed	cpht (*)	10.9	13.0	12.5	14.6	13.9
Carats recovered	Carats	65,241	82,272	81,423	99,582	90,697
Costs						
Operating costs per carats sold	US\$	217	197	149	141	136
Capital expenditures						
-8+4mm sub-middles XRT project	US\$m	2.8	7.2	-	-	-
LDR and MDR circuit	US\$m	1.6	0.8	2.3	2.9	-
Sustaining capital	US\$m	0.5	2.0	5.8	1.7	0.5
Bulk Sample Plant	US\$m	-	-	-	-	0.1
Total	US\$m	5.0	10.0	8.1	4.6	0.6

(*) 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

(****) restated following Q3 2016 survey.

OPERATIONS: KAROWE MINE

In January 2017, Karowe achieved 5 million Loss Time Injury (LTI) free hours, a total of more than 2 years of LTI free operation. Karowe had one lost time injury during the quarter resulting in a twelve month rolling Lost Time Injuries Frequency Rate ("LTIFR") of 0.08.

Ore mined for the period was below forecast mainly due to an extraordinary heavy rain season experienced, with double the average rainfall recorded during February and March 2017. Ore mined has increased in Q2 and is expected to be within forecast in 2017. Waste stripping to access the ore body at depth progressed in accordance with forecast. In February 2017, Aveng Moolmans had commenced mobilization of its mining equipment fleet to the Karowe mine followed by a successful ramp-up in March towards full production in Q2 2017. The process plant's performance was in line with forecast during the quarter.

Recovered grade during the quarter was lower than Q1 2016 as Karowe processed ore from stockpile.

The Mega Diamond Recovery (MDR) project is on schedule and forecast to be complete during Q3 2017, with commissioning and ramp up in Q3. The related civil work has been completed and construction progressed during the quarter.

The -8+4mm sub-middles XRT project's civil work has been completed while construction progressed during the quarter. The project is on schedule for completion in Q3 2017. This project will further address processing of the very dense high quality South Lobe ore at depth and is anticipated to result in a highly efficient and cost effective processing methodology for processing this ore.

EXPLORATION AND RESOURCE UPGRADE

Karowe Resource Upgrade

During Q1 2017, the final drilling was completed on a planned 10,000 metre program at the Karowe Mine to test the AK06 kimberlite. A total of 12 drill holes (9,750 metres) were completed with approximately 2,770 linear metres within the South Lobe of the AK06 kimberlite being drilled. The program is designed to increase confidence in the geological model for the South Lobe of the AK06 kimberlite and provide sufficient data and material for an updated resource to be utilized in an underground option study for the Karowe mine. Core logging is complete and a program of core sampling for density, petrography, and microdiamond analysis is underway. Mineral Services Canada has been contracted to assist in the development of the sampling program and internal geology updates that will be utilized for an updated resource estimate for the current inferred portion of the Karowe Mine and is expected to be completed in Q4 2017.

Botswana Prospecting Licenses:

In 2014, the Company was awarded two precious stone prospecting licenses (PL367/2014 and PL371/2014) which are known to host 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 mine.

BK02

A total of 17 drill holes totaling 1,990 metres were drilled during Q4 2016 and Q1 2017, with microdiamond sampling completed in Q2, 2017. In Q2 2017, an independent valuation of the combined diamond parcel was undertaken in Antwerp. The observed average price per carat for the combined parcel of US\$56.76 per carat combined with the recovered sample grade preclude additional drilling and sampling of the BK02 kimberlite. Based on the valuation and grade information no further work is planned at this time.

AK11

During Q3 2016 a drill program was initiated and completed at AK11 with a total of ten core holes (1,570 metres of drilling), with nine of the holes intersecting kimberlite and the tenth hole which did not intersect kimberlite tested a geophysical anomaly to the west of AK11. Drilling confirmed the size of AK11 at approximately 2.5 hectares. Logging and sampling of the drill core is complete and microdiamond samples are currently being processed and are forecast to be complete during Q2 2017. Pending results a large diameter drilling program may be conducted at AK11.

AK13

During Q1 2017, a drill program was completed at AK13. A total of six holes (756 metres drilling) were tested with a 150 metre strike length of a vertical kimberlite dyke system, five holes intersected kimberlite and within the five holes, three holes intersected wider intercepts of kimberlite. An additional three holes tested geophysical anomalies adjacent to AK13 with no kimberlite being intersected. Microdiamond samples will be submitted during Q2 2017.

AK14

During Q1 2017, a three hole, 327 metres drill program was conducted at AK14. Based on the resulting information, no further work is planned at AK14.

2017 OUTLOOK

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

Karowe Mine, Botswana

Operating guidance:

The Company continues to forecast revenue between \$200 million and \$220 million for the year ending December 31, 2017. This excludes the sale of Lesedi La Rona which is held in inventory at March 31, 2017. The Company continues to review opportunities for the sale of the Lesedi La Rona to achieve maximum value.

Ore mined for the year is in line with previous guidance of between 2.4 and 2.7 million tonnes and waste mined is expected to be between 17.0 and 20.0 million tonnes.

Karowe’s operating cash costs (see pages 5 and 7 Non-IRFS measures) are expected to be between \$36.00 and \$40.00 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 pushback is expected to provide further optionality for the Company to access high value south lobe ore in the future.

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

A budget of up to \$10 million is to advance exploration work and the completion of a pre-feasibility level underground study. The Company continues its advanced bulk sampling and drilling work at AK11 and AK13. Deep drilling on the Karowe Mine to test the AK6 kimberlite South Lobe was completed in Q1 2017 with the aim of converting inferred resources below 400 metres depth to an indicated resource and to determine the economic viability of the Karowe mine resource extension.

The USD/Pula outlook foreign exchange rate is 10.3.

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 Markets Act. This information was publicly communicated on May 2, 2017 at 2:30 p.m. Pacific Time.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain of the statements made and contained herein in the press release 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.

In particular, this press 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 rates; expectations regarding the need to raise capital; possible impacts of disputes or litigation; and other risks and uncertainties described under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form available at <http://www.sedar.com> (the "AIF").

Forward-looking statements are based on the opinions, assumptions 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. Such assumptions include: the Company's ability to obtain necessary financing; the Company's expectations regarding the economy generally, results of operations and the extent of future growth and performance; and assumptions that the Company's activities will not be adversely disrupted or impeded by development, operating or regulatory risk. 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 in this press release should not be unduly relied upon.

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 "Risks and Uncertainties" in the Company's AIF, 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, regulatory

or environmental changes resulting from global climate change 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.