



LUCARA
DIAMOND

March 31, 2020

PRESS RELEASE

LUCARA PROVIDES OPERATIONAL UPDATE AND ANNOUNCES COVID-19 RESPONSE STRATEGY

VANCOUVER, March 31, 2020 /CNW/ - (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm)

Lucara Diamond Corp. (“Lucara” or the “Company”) announced today that it has implemented a crisis management strategy in relation to COVID-19, to protect the health and well-being of its employees in Botswana and Canada. Lucara’s 100% owned Karowe Diamond Mine, situated in north central Botswana remains fully operational, under new measures and guidelines implemented by the Government of Botswana (“GRB”) earlier this week. These measures include increased travel restrictions, reduced staffing and increased social distancing pertaining to all aspects of its business. Employees who are able to work remotely are doing so. As travel restrictions relating to COVID-19 are expected to remain in place for an unknown period of time, the Company’s ability to complete tenders in Botswana may be impacted. As a temporary measure, the Government of Botswana has granted Lucara permission to hold diamond sales in Antwerp, Belgium if required.

Lucara completed its first of four planned diamond tenders for the year on March 5, and achieved sales prices within 1% of forecast, however, diamond prices have since deteriorated in response to weaker demand as COVID-19 has continued to spread globally. Though Lucara’s next quarterly tender is not scheduled to take place until mid May 2020, the full impact of COVID-19 on Lucara’s operations and production outlook for 2020 remains highly uncertain, and as a result, the Company has taken the decision to suspend its 2020 guidance until further notice.

Key Operational Highlights to Date:

- **Lucara began the year with a strong balance sheet - cash positive, no debt, and an undrawn US\$50mln working capital facility.**
- **Lucara is a low volume, high value diamond producer, with 70% of revenues generated from diamonds in excess of 10.8 carats. Diamond tenders are held quarterly.**
- **Lucara’s first quarterly diamond tender was completed March 5 achieving sales results within 1% of forecasted reserve prices; all proceeds from this tender have been received.**
- **Clara, Lucara’s web based digital sales platform for rough diamonds, which sells diamonds under 10.8 carats in size remains operational.**
- **Lucara has flexibility and optionality in its capital budget for 2020. Spending on the underground project is scheduled to ramp up in Q3 but Lucara has the ability to adjust the timing of these expenditures as they are not currently committed.**

Eira Thomas, Lucara’s CEO stated: “Our main focus right now is on the safety and wellbeing of our workforce and the local communities in which we operate. The global diamond industry is experiencing the widespread impacts of COVID-19 throughout the value chain, manifested as fewer sales, weaker pricing and production curtailments at several mines. Though the Karowe diamond mine continues to operate according to plan, and the first quarter 2020 sale achieved results within expectations, the full impact of COVID-19 on our business remains uncertain.

Lucara has worked swiftly to implement a crisis management plan to protect our people and assets, and continues to monitor this dynamic situation closely, day by day. Lucara began the year with a strong balance sheet, cash on hand, no long-term debt and flexibility in our 2020 capital spending program. Our longer-term outlook for the diamond market remains positive, based on improving supply-demand fundamentals that were beginning to manifest in late 2019, prior to the COVID-19 crisis taking hold. What’s more, diamond sales are continuing through



Clara, our secure web based digital sales platform, which has the unique advantage of providing customers with a forum to buy rough diamonds without the requirement to travel.

In this challenging and volatile time, the quality of our assets combined with the strength of our balance sheet and the fact that Lucara is not carrying any long-term debt, helps to position the Company to effectively manage the business through this crisis. We would like to extend our sincere thanks to our employees, shareholders, stakeholders and communities of interest for their continued support, and, extend our best wishes for good health”.

The Karowe Diamond Mine

During the first quarter of 2020, the Karowe diamond mine continued to operate safely and according to budget and plan. As part of the Company’s ongoing COVID-19 response plan, management continues to analyze risks in relation to all aspects of our mining and sales operations and, within our supply chains. At the present time, we have not identified any immediate obstacles to the continued, safe operations of our mine and the sales office but we also acknowledge that the situation is extremely dynamic. Lucara will strictly adhere to the government guidelines and exercise all precautionary measures it needs to take to keep its employees safe and healthy. These measures include, but are not restricted to, working from home where possible, reduced overall staffing levels, increased and appropriate social distancing, and, restrictions on travel. To this end, Lucara’s capital spending program for 2020 is also being reviewed. The largest component of this year’s capital spend relates to a US\$53mln approved program for the Karowe underground expansion project, the bulk of which is scheduled to be invested in the latter part of the year. It is important to note that the underground program and schedule for 2020 retains both optionality and flexibility as the expenditures scheduled to be incurred are not committed, and, can be adjusted as Lucara’s cashflow projections and operational capacity become more certain. Further guidance will be provided in advance of the Q1 quarterly earnings call scheduled for Friday, May 8, 2020.

Diamond Tender Completed March 5, 2020

Lucara completed its first diamond tender of the year on March 5, selling all diamonds recovered and prepared for sale during the period, and achieved an overall result within 1% of expected reserve prices. Achieved prices were in line with the pricing environment that prevailed in early-mid 2019 and are consistent with our previously reported 2020 Outlook. These pricing assumptions be adjusted in the coming weeks and months as the full impact of COVID-19 becomes better understood. We experienced a solid turnout for the sale, with a total of 104 companies attending in Gaborone and a participation rate of 80%. Our smallest planned sale for the year, the Q1/20 tender sold 83,610 carats, including 37 single stones greater than 10.8 carats in size. A total of 4 stones were sold for in excess of US\$1mln including 2 that sold for more than US\$2mln. All goods prepared for sale were sold. Management is monitoring the travel restrictions related to COVID-19 which may impact Lucara’s ability to complete tenders within Botswana for a period of time. As a temporary measure, in response to the COVID-19 crisis, the Government of Botswana has granted Lucara permission to hold diamond sales in Antwerp, Belgium if required.

Clara Sales Continue

CLARA uses technology to create a more efficient, transparent, global marketplace and provides greater connectivity between the rough and polished diamond marketplaces remotely, from any jurisdiction around the world. Never, we feel, has this innovation been more relevant or more important. In this current, unprecedented global lockdown, where personal travel is restricted and diamond tenders and sights are being canceled or postponed, CLARA remains operational, allowing purchases of individual diamonds to continue, providing flexibility and optionality to help businesses throughout the supply chain be more effective at managing their purchases in response to the current, dynamic business environment. A total of 6 sales have been transacted on Clara in 2020, with 25 out of 32 total on-boarded manufacturers participating, the highest participation rate to date. A total of just over 1,800 carats and



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821 diamonds have been transacted. Though volumes are slightly lower than in previous sales and may continue to fluctuate, reflective of the more challenging business environment that has emerged, Clara continues to attract strong interest and participation. We expect this interest to continue and potentially grow as travel restrictions persist, respective of the possibility that the transportation of our diamonds may be subjected to delays or other constraints in relation to the COVID-19 crisis.

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 and owns a 100% interest in Clara Diamond Solutions, a secure, digital sales platform positioned to modernize the existing diamond supply chain and ensure diamond provenance from mine to finger. 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 Limited Partnership (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 is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication, through the agency of the contact person set out above, on March 31, 2020 at 1:45pm 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 impact of the COVID-19 pandemic on the Company's operations, the Company's ability to operate according to plan and budget, the Company's ability to continue to operate Clara and participant's continued use of Clara, statements relating to diamond prices, the Company's plans with respect to the underground expansion and the timing and flexibility thereon.

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 the rapidly evolving regulatory landscape and market conditions related to the COVID-19 pandemic, and the operational and travel bans that have been imposed or may be expanded into regions impacting Lucara's operations, 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.