



LUCARA
DIAMOND

NEWS RELEASE

LUCARA CONTINUES TO DE-RISK POTENTIAL FOR KAROWE UNDERGROUND – FEASIBILITY SCHEDULED FOR COMPLETION IN H2 2019

VANCOUVER, January 24, 2019 /CNW/ - (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm)

Lucara Diamond Corp. (“Lucara” or the “Company”) is pleased to provide an update on the ongoing Feasibility Study for a potential underground operation at the Company’s 100% owned and operated Karowe Diamond Mine located in the Republic of Botswana.

In 2018, following the release of a positive Preliminary Economic Assessment (“PEA”) (see Lucara Press Release dated November 2, 2017), the Company embarked on a US\$29 million technical program to support a Feasibility Level study (“FS”) for a potential underground operation at the Karowe Diamond Mine, with the aim of extending mine-life from 2026 to at least 2036. This program included a mineral resource update, geotechnical drilling of the country rock and AK06 kimberlite, hydrogeological drilling and modelling, and mining trade off studies to address risks and issues identified during the PEA. A total of US\$23 million was spent out of a 2018 budget of US\$29 million in support of this work and resulted in significant de-risking of the key technical components associated with the potential underground development.

2018 Underground Feasibility Highlights:

- Updated resource model in Q2 2018; Indicated resources increased by 54% in the South Lobe and confirms increased contribution of EM/PK(S), a higher grade, higher value ore unit, with depth
- Four deep hydrogeological drill-holes completed which encountered minimal water strikes at depth (>400 metres) and successfully de-risked key water aspects of the project
- 20,000+ metres of geotechnical drilling completed to help inform selection of a final underground mining method; Sub-level cave, Block Cave, and hybrid scenarios under consideration
- US\$14.8 million budget approved to complete 2019 technical program and final feasibility study
- JDS Energy and Mining Incorporated (“JDS”) has been appointed to lead the feasibility study
- Feasibility study on track for release in H2, 2019

Eira Thomas, CEO commented: “The updated mineral resource completed in 2018 highlighted the important contribution of the higher grade, higher value EM/PK(S) geological unit as we mine deeper in the south lobe and has necessarily re-focused our approach to the Karowe Underground study. Historically, we now know that the EM/PK(S) has produced some of Karowe’s most valuable diamonds, including the 1,109 carat Lesedi La Rona and the 813 carat Constellation. In 2019 we will be evaluating various mining scenarios that have the potential to access this valuable ore as early as possible in the underground mining schedule. Other highlights from our 2018 work program included the successful completion of a deep hydrogeological drilling campaign, which did not encounter significant water and has substantially de-risked the overall underground project. Finally, we are delighted to be welcoming Gord Doerksen and JDS to the feasibility team to direct the study and provide Lucara with a fit for purpose underground mine design that will work to optimize and maximize the economic returns of the underground project. The feasibility study will be completed by in the second half of 2019.”

Mineral Resource

The Company announced the results of a comprehensive mineral resource update (see Lucara Press Release dated June 26, 2018 and August 9, 2018) with the 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). Modifications to the internal geological model for the South Lobe of the AK06 kimberlite resulted in the recognition of the EM/PK(S) unit as the volumetrically dominant unit at depth within the South Lobe. With 75% of the South Lobe Indicated recoverable carats between 600 and 400 masl being attributed to the EM/PK(S) unit. Historical recoveries from the EM/PK(S) have included several large and high value diamonds such as the 1,109 carat Lesedi La Rona and the 813 carat Constellation. Deep drilling which started in 2018 and will continue into early 2019 for geotechnical purposes has intersected South Lobe kimberlite below the current base of the Inferred Resource (256masl) at elevations circa 66masl.

Geotechnical and Hydrogeological Drilling

During 2018, 33 core holes totaling 20,283 metres were drilled representing approximately 83% of the originally planned drilling. Drilling will continue into late Q1 2019 and will focus on deep granite/kimberlite intersections with the final receipt of all data by mid to late Q2 2019. Data collection is underway consisting of detailed geotechnical and geological logging, density measurements, point load testing and other geotechnical rock strength testing. No major risks have been identified during drilling or with data collected from geotechnical rock testing.

The main objective of the hydrogeological program was to quantify the mine dewatering and depressurization requirements to continue the successful de-watering of the open pit and to identify the immediate and ongoing de-watering requirements for the potential underground mining operations. A total of four deep bore holes were drilled to assess the deep hydrogeological conditions at Karowe, three of which were specifically designed to target and test the potential existence of a deep basal aquifer. Drilling encountered limited water strikes, provided no evidence for such an aquifer, and has positively addressed one of the key risks identified during the PEA study.

Mining Method Selection / Permitting

Mining method selection is being considered in accordance with the geotechnical and hydrogeological interpretations and technical data already collected and in progress. At present 4 possible alternatives are being studied. These include variants on block cave with shaft access, sub-level retreat / sub-level cave with access via a decline, and conventional vertical crater retreat stoping followed by block cave via shaft access. As greater clarity on the rock mass and geotechnical characteristics of the host rocks and units internal to the South Lobe become available a final decision will be made for the most appropriate mining method.

Lucara continues to engage in discussions with the Government of Botswana to extend the mining lease to include underground mining operations. In support of these discussions Lucara is updating the Mine Closure Plan, closure cost estimates, the Environmental Management Plan, as well as the Social Economic Impact Assessment.

Next Steps

Lucara's Board of Directors have approved a budget of US\$14.8 million to complete the technical program and the FS study in 2019. Drilling is expected to be completed toward the end of Q1 2019 with logging, data collection, and the receipt of laboratory results expected toward mid Q2 2019. Completion of the FS study and final reporting is expected in late H2 2019.

This press release has been reviewed and approved by Dr. John Armstrong, PhD. P.Geol., Vice President Technical Services of the Company and Gord Doerksen, P.Eng. of JDS, both of whom are considered a "Qualified Person" for the purposes of National Instrument 43-101.

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.

The information in this release is subject to the disclosure requirements of the Company under the EU Market Abuse Regulation. This information was publicly communicated on January 24, 2019 at 4:30am 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 news release may contain forward-looking statements pertaining to the following: the timing to complete 2019 field programs and the FS; the potential for underground development at Karowe; the Company's objective of extending the mine life beyond 2026 and the possible length of that extension; the Company's ability to mitigate and address the risks identified in the PEA, including geotechnical and hydrogeological risks; assumptions with respect to mineral resources, including the impact of EM/PK(S) material on project economics; the choice of mining method; the Company's ability to extend the mining lease for Karowe. These assumptions, opinion and estimates 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.



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 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 and polished diamonds, the cost and availability of computational resources, and unanticipated technical and operational difficulties.

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.