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LUCARA DIAMOND CORP THIRD QUARTER RESULTS

NOVEMBER 8, 2013 (LUC – TSX, LUC – BSE, LUC – NASDAQ OMX First North) ... Lucara Diamond Corp. ("Lucara" or the "Company") today reported quarterly proceeds of \$50.9 million at an average sales price of \$625 per carat and operating expenses of \$110 per carat.

Lucara also announced today that its strong cash flow generation has resulted in the Company fully repaying its \$50 million debenture during the fourth quarter.

THIRD QUARTER 2013 HIGHLIGHTS

Safety: There were no Lost Time Injury ("LTI's") and no reportable environmental incidents at Karowe during the quarter. Karowe's year to date Lost Time Injuries Frequency Rate ("LTIFR") is 0.25. LTIFR is defined as the total number of work hours lost per 200,000 work hours.

Cash flows and cash operating margins: The Company achieved proceeds of \$50.9 million (\$625 per carat) during the quarter, of which \$10.9 million was received in October for its late September tender. At average operating expenses of \$110 per carat, the cash operating margin achieved for the quarter was \$515 per carat. Sales during the quarter included one tender of over 80,000 carats and the Company's second exceptional stone tender during the quarter.

Full year to date sales of 328,000 carats have achieved proceeds of \$132.7 million, or \$404 per carat, which exceeds previous full year 2013 revenue guidance. The Company has achieved a year to date cash operating margin of \$308 per carat based on operating expenses of \$96 per carat.

Exceptional stone tenders: The Company continued to recover exceptional diamonds, resulting in a second large stone tender during the quarter achieving revenues of \$24.7 million (\$24,025 per carat). The Company's two exceptional tenders have contributed \$49.3 million (\$26,745 per carat) of revenue. Based on the continued recovery of exceptional stones the Company is planning a third exceptional stone sale in late November. The sale is planned to include 14 stones with 4 stones in excess of 100 carats.

Net cash position: Third quarter cash flows have significantly strengthened the Company's balance sheet with quarter end cash of \$33.6 million and a net cash position (total cash and cash equivalents less short and long term debt) of \$17.5m. In early October, this cash position was further strengthened following the receipt of \$10.9 million of gross proceeds from its late September tender. The outstanding debenture balance at September 30 of \$16.6 million was subsequently repaid after the quarter end, fully repaying the \$50 million debenture.

Karowe operating performance: Karowe's mined tonnes and tonnes milled were in line with budget during the quarter. The Company advanced access to deeper sections of the south lobe and currently has three months of exposed ore providing flexibility in terms of process plant feed.

William Lamb, President and Chief Executive Officer commented "Proceeds in excess of \$132 million highlight an exceptional nine month performance for Lucara. We have sold over 328,000 carats at an average price exceeding \$400 per carat compared to an average operating cost of \$96 per carat. A differentiator for Lucara has been the occurrence of large and exceptional stones, with two sales this year

generating proceeds of \$49.3 million. We are pleased to announce the continuation of our exceptional diamond recoveries with a third sale of these stones expected to be held in the fourth quarter.

Our significant revenues and strong cash operating margins have resulted in Lucara making a double payment on its debenture during the period and we have subsequently fully repaid the debenture by making the final two debenture payments during the fourth quarter.

The resource continues to outperform management expectations with the continued recovery of significant stones including 243 special stones (greater than 10.8 carats) during the reporting period. These stones include two diamonds larger than 200 carats and a further 3 diamonds larger than 100 carats. Based on information and recoveries to date, Lucara has commissioned an update to the Karowe resource. We expect to release a revised NI 43-101 Technical Report during the first quarter of 2014.

FINANCIAL HIGHLIGHTS

<i>In millions of U.S. dollars unless otherwise noted</i>	Three months ended September 30		Nine months ended September 30	
	2013	2012	2013	2012
Revenues	\$ 42.1	\$ 12.7	\$ 121.8	\$ 12.7
Proceeds from quarterly sales tenders is comprised of:				
Sales proceeds received during the quarter	42.1	12.7	121.8	12.7
Sales proceeds received post September period end	10.9	-	10.9	-
Sales proceeds received post June period end	(2.1)	-	-	-
Total proceeds from quarterly sales tenders	50.9	12.7	132.7	12.7
Average price per carat sold	\$ 625	\$ 245	\$ 404	\$ 245
Operating expenses per carat sold	110	107	96	107
Cash operating margin per carat	515	138	308	138
Net income (loss) for the period	15.0	(3.4)	43.9	(15.2)
Basic earnings (loss) per share	0.04	(0.01)	0.12	(0.04)
Cash flow from operations (before working capital adjustments)	21.3	(2.5)	65.6	(11.3)
Cash on hand	33.6	11.1	33.6	11.1

OUTLOOK

This section of the MD&A provides management's production and cost estimates for the remainder of 2013. These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements.

Boteti Karowe Mine, Botswana

Karowe is projected to process 2.5 million tonnes of ore and to sell 420,000 carats of diamonds in 2013.

The Company held a tender on 28th October and is planning to hold a further two diamond tenders of which one is anticipated to include exceptional diamonds.

Karowe's operating cash costs are forecast to be in the order of \$23 per tonne treated, in-line with previous guidance. Forecast capital expenditures include stay in business capital of \$5 million and final capital project payments during the year of \$2.8 million that were part of the \$120 million project cost.

Cash operating earnings is a non-GAAP measure and is reconciled in the Select Financial Information section.

BUSINESS OVERVIEW

The Company is a diamond mining company focused in Africa. The business of the Company consists of the acquisition, exploration, development and operation of diamond properties. The Company's head office is in Vancouver, BC, Canada and its common shares trade on the Toronto Stock Exchange, the NASDAQ OMX First North in Sweden and the Botswana Stock Exchange under the symbol "LUC".

The principal assets of the Company and the focus of the Company's operations, development and exploration activities are in assets in Lesotho and Botswana.

The following summarizes the Company's current land holdings:

Country	Name	Interest Held	Area (km ²)
Botswana	Karowe Diamond License	100%	15.3
Lesotho	Mothae Diamond Mining Lease	75%	20.0

RESULTS OF OPERATIONS

Karowe Mine, Botswana

	UNIT	Q3-13	Q2-13	Q1-13	Q4-12	Q3-12
Sales						
Revenues	US\$m	42.1	47.2	32.5	29.1	12.7
Proceeds generated from sales tenders conducted in the quarter is comprised of:	US\$m	50.9	49.3	32.5	29.1	12.7
Sales proceeds received during the quarter	US\$m	42.1	47.2	-	-	-
Sales proceeds received post September period end	US\$m	10.9	-	-	-	-
Sales proceeds received post June period end	US\$m	(2.1)	2.1	-	-	-
Carats sold for proceeds generated during the period	Carats	81,357	102,842	144,712	100,987	51,737
Average price per carat for proceeds generated during the period	US\$	625	481	225	289	245
Production						
Tonnes mined (ore)	Tonnes	898,501	1,163,761	968,871	701,931	561,230
Tonnes mined (waste)	Tonnes	1,430,105	1,259,478	1,109,727	1,267,343	1,240,062
Tonnes milled	Tonnes	647,304	560,911	533,918	545,354	594,000
Average grade processed	cpht ^(*)	17.6	15.6	23.1	25.4	15.4
Carats recovered	Carats	113,881	87,580	123,335	138,487	91,476
Costs						
Operating costs per carats sold	US\$	110	102	86	84	107
Capital expenditures	US\$m	2.4	1.7	2.2	0.4	19.9

(*) carats per hundred tonnes

Operational performance at Karowe was as planned for the third quarter of 2013. Tonnes of ore mined ex-pit for the quarter was in line with budget and waste mining to access deeper sections of the ore body in the south lobe was according to plan during the period. The mine currently has 3 months of ore exposed providing flexibility in terms of material processed. Four additional water supply boreholes were equipped and commissioned as planned. Year to date mining performance remains in line with expectations.

Process plant performance during the quarter was in line with budget. The frequency of special stones (+10.8 carats) increased significantly during the quarter with the mine recovering 243 stones with an average size of 26 carats during the period. Year to date carats produced was in line with budget.

As a result of the continued recovery of large and exceptional stones at Karowe, the Company is completing a resource update and is expecting to release a revised NI 43-101 during the first quarter 2014.

REVIEW OF PROJECTS

Mothae Diamond Project, Lesotho

The Mothae project is located in northeast Lesotho and is a large low grade kimberlite containing a population of large, high value Type IIa diamonds.

The Company is currently reviewing a number of development options for Mothae.

SELECT FINANCIAL INFORMATION

	Three months ended September 30		Nine months ended September 30	
	2013	2012	2013	2012
<i>In millions of U.S. dollars unless otherwise noted</i>				
Revenues	\$ 42.1	\$ 12.7	\$ 121.8	\$ 12.7
Operating expenses	(8.4)	(5.5)	(30.0)	(5.5)
Royalty expenses	(4.2)	(1.3)	(12.2)	(1.3)
Cash operating earnings ⁽¹⁾	29.5	5.9	79.6	5.9
Exploration and other mining costs	(0.3)	(4.5)	(1.1)	(10.6)
Administration	(1.9)	(3.0)	(6.6)	(7.7)
Gain on sale of diamonds	-	-	0.6	-
Sales and marketing	(0.9)	(0.7)	(2.4)	(0.7)
EBITDA ⁽²⁾	26.4	(2.3)	70.1	(13.1)
Depletion, amortization and accretion	(2.6)	(2.2)	(10.3)	(2.1)
Finance expenses	(0.7)	(1.2)	(2.6)	(1.7)
Income tax	(8.1)	-	(8.1)	-
Foreign exchange gain (loss)	-	2.3	(5.2)	1.8
Net income (loss) for the period	15.0	(3.4)	43.9	(15.1)
Total equity	183.1	151.5	183.1	151.5
Cash flow from operations (before working capital adjustments)	21.3	(2.5)	65.6	(11.3)
Total assets	234.4	231.9	234.4	231.9
Cash on hand	33.6	11.1	33.6	11.1
Income (loss) per share (basic and diluted)	0.04	(0.01)	0.12	(0.04)

⁽¹⁾ Cash operating earnings is a non-GAAP measure defined as sales less operating expenses and royalty expenses.

⁽²⁾ EBITDA is a non-GAAP measure defined as earnings before interest, taxation, depreciation and amortization.

Revenues

During the three months ended September 30, 2013, the Company completed two diamond tenders, one of which was an exceptional diamond tender. The exceptional diamond tender generated gross proceeds of \$24.7 million or \$24,026 per carat. The second tender achieved winning bids totalling \$26.2 million or \$326 per carat. At September 30, 2013, proceeds of \$10.9 million from the sale of 17,642 carats of diamonds had not yet been collected and therefore have not been recognized as revenues in the Company's condensed interim consolidated statement of operations. These proceeds were subsequently collected in October and will be recognized as revenues in the fourth quarter of 2013. In addition, proceeds of \$2.1 million from the June month end sale of 12,833 carats were collected in July and recognized as revenues in the third quarter.

Cash operating earnings

Cash operating earnings for the three months ended September 30, 2013 were \$79.6 million.

Operating expenses at \$110 per carat increased from the previous quarter largely due to additional waste mined during the period. Year to date operating expenses were \$96 per carat compared to proceeds sold per carat of \$404, producing a cash operating margin of \$308 per carat. Excluding the 18,000 carats carry forward from the previous year and sold in the current year, run of mine year to date average sales price for 2013 was \$422 per carat.

Cash operating earnings is a non-GAAP measure and is reconciled in the table above.

Exploration and other mining costs

Exploration expenditures and other mining costs relating to the Mothae project were \$0.3 million during the third quarter of 2013 compared to \$4.5 million during the third quarter of 2012. The decrease in costs during the current quarter compared to the previous year was due to Mothae's Preliminary Economic Assessment work performed last year and the one time redundancy costs incurred as Mothae went into care and maintenance. The Company is currently reviewing a number of development options for Mothae.

Administration expenses

Administration expenses decreased \$0.9 million during the quarter when compared to the previous three month period due largely to employee performance payments paid in the second quarter of 2013.

Income Tax expense

The Company recorded a deferred tax liability during the quarter, which resulted in a corresponding non-cash income tax expense of \$8.1 million. The deferred tax liability relates to temporary differences between the accounting and tax base of the Company's property, plant and equipment, restoration provisions, and non-capital tax loss pools.

Earnings before interest, tax, depreciation and amortization (EBITDA)

EBITDA for the third quarter of 2013 was \$26.4 million compared to a loss of \$2.3 million in the third quarter of 2012. This was a result of cash operating earnings of \$29.5 million earned from Karowe and decreased exploration and other mining costs at Mothae.

Year to date EBITDA was \$70.1 million compared to a loss in the previous year of \$13.1 million. This increase was due to an additional 49,250 carats sold during the period, including two exceptional stone tenders achieving \$49.3 million.

EBITDA is a non-GAAP measure and is reconciled in the table above.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain of the statements made and contained herein in the MD&A 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 MD&A may contain forward looking information pertaining to the following: the estimates of the Company's mineral reserve and resources; estimates of the Company's production

and sales volumes for the Karowe Mine; estimated costs to construct 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 Annual Information Form dated March 27, 2013 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 MD&A 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 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), 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.