



Lucara Diamond Corp.

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NEWS RELEASE

LUCARA ANNOUNCES A SIGNIFICANT INCREASE IN VALUE OF MINERAL RESOURCE AT KAROWE MINE

December 19, 2013 (TSX-LUC; BOTSWANA-LUC; NASDAQ OMX First North-LUC...Lucara Diamond Corp. ("Lucara" or the "Company") is pleased to announce an updated mineral resource estimate for the Karowe Mine in Botswana. A significant population of large and exceptional diamonds has been recovered during mining operations over the past year at Karowe and these larger diamonds have now been factored into the mineral resource estimate resulting in a greater than \$1 billion increase in the estimated in-situ value of the Indicated mineral resource.

The updated mineral resource estimate was completed by Mineral Services Canada Inc. taking into account mining activities at Karowe since the start of production in April 2012 and includes changes to the geological model, re-interpretation of diamond size distributions, and the results of all diamond sales.

The highlights of the mineral resource update, valid at the cut-off date of 21 October 2013, are a recoverable Indicated mineral resource estimate at a 1.25mm bottom cut-off size of 46.2 million tonnes at an average grade of 16 carats per hundred tonne (cpht) with an average modeled diamond value of US\$394 per carat, and a recoverable Inferred mineral resource of approximately 21 million tonnes at an average grade of 14 cpht with an average modeled diamond value of US\$412 per carat. For details, please refer to Table 1.

The recovery of significant numbers of large and high value diamonds from the centre and south lobes of the mineral resource being mined at Karowe has resulted in a positive change to the modeled and recovered size frequency distribution significantly increasing the overall modeled average price per carat for the Karowe Mine compared to the previous mineral resource estimate.

Mr. William Lamb, Lucara's President and Chief Operating Officer, noted, "The updated mineral resource for the Karowe mine reflects important changes based on the large amount of new information generated since the start of production at Karowe. The presence of exceptional stones within the centre and south lobes is now appropriately reflected in the size frequency distributions and the modeled average price. In 2013, Lucara sold more than 438,000 carats of diamonds for gross proceeds in excess of \$180 million. Included in these were 23 diamonds which sold for over US \$1 million, including 9 diamonds which sold for more than US \$3 million each. The updated resource estimate is further supported with the ongoing recovery of special diamonds, with more than 70 stones larger than 10.8 carats being recovered to date in December. Since the start of mining in the centre and south lobes in March, more than 600 diamonds larger than 10.8 carats have been recovered."

The updated mineral resource was completed to the standards of the Canadian Institute of Mining (CIM) Definition Standards for Mineral Resources and Reserves as incorporated by National Instrument 43-101 Standards of Disclosure for Mineral Projects. The update incorporates a comprehensive review of the historic exploration data and resource modeling information (News Release dated 29/03/2010), complemented with data generated since the start of production in April 2012. The full details of the mineral resource update will form a portion of a NI 43-101 Technical report to be filed on SEDAR within 45 days.

Table 1

Updated Mineral Resource Estimate as at October 21, 2013* (recoverable based on current plant operating parameters, 1.25mm bottom cut-off).

| Classification | Lobe | Volume (Mm ³) | Density (g/cm ³) | Tonnes (Mt) | Carats (Mct) | Grade (cpht) |
|----------------------------|------------------|---------------------------|------------------------------|--------------|--------------|--------------|
| INDICATED (to 400m) | North | 0.74 | 2.48 | 1.83 | 0.30 | 16 |
| | Centre | 2.53 | 2.56 | 6.49 | 1.27 | 20 |
| | South | 13.50 | 2.81 | 37.89 | 5.89 | 16 |
| | IND Total | 16.77 | 2.76 | 46.21 | 7.46 | 16 |
| INFERRED (400m to 750m) | Centre | 0.08 | 2.59 | 0.21 | 0.03 | 15 |
| | South Lobe | 7.01 | 2.96 | 20.79 | 3.01 | 14 |
| | INF Total | 7.09 | 2.96 | 21.00 | 3.04 | 14 |
| ALL | Total | 23.86 | 2.82 | 67.21 | 10.50 | 16 |

*Since the start of production in April 2012, 5.50 million tonnes of kimberlite have been mined, with 3.46 million tonnes processed through the plant resulting in the recovery of 690,000 carats of diamonds. The remainder of material mined has been stockpiled for processing during mining and towards the end of the life of the current open-pit. Stockpile material is not included in Table 1.

The reader is cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability. Estimates of recoverable carats are based on the current Karowe plant configuration and physical ore characteristics (in particular ore hardness), and may be influenced by any changes to these factors.

Diamond Value

Updated diamond value estimates (Table 2) are based on size distribution models for each lobe (North, Centre, South) and the pricebook value of specific production batches attributable to individual lobes, referenced to a common November 2013 diamond price book. Pricing information was provided by GTD Diamonds, diamond valuation experts managing the sales of all Karowe diamonds. The price model for the +10.8 carat diamonds ('specials') is based on actual sales data.

Table 2

Updated estimates of average diamond value* by lobe and resource classification

| Classification | Lobe | Modelled \$/carat |
|----------------------------|----------|-------------------|
| INDICATED (to 400m) | North | 217 |
| | Centre | 351 |
| | South | 413 |
| | All Ind. | 394 |
| INFERRED (400m to 750m) | Centre | 351 |
| | South | 413 |
| | All Inf. | 412 |
| Total | | 399 |

*US dollars per carat: recoverable based on current plant operating parameters, 1.25mm bottom cut-off size.

Mothae Diamond Project

Lucara also is pleased to announce the sale of its Mothae bulk sample plant to a subsidiary of Paragon Diamonds Ltd., Meso Diamonds.

Under the terms of the agreement, Meso Diamonds will pay to the Company a consideration of US\$1.15

million, comprised of US\$50,000 cash and US\$400,000 in new Paragon Diamonds shares at a price of 5.5 pence per share upon signing the asset purchase agreement, followed by US\$200,000 cash and US\$500,000 in new Paragon Diamonds shares at a price of 5.5 pence per share on completion of the plant's relocation.

Mr. William Lamb further commented, "The sale of the Mothae bulk sample plant and its removal from site allows for expansion of the pit as well as additional space for larger processing equipment which would be required for any future development of the Mothae asset."

Conference Call

The Company will hold a conference call to discuss the updated mineral resource estimate on Friday, December 20, 2013 at @ 05:00 a.m. (Pacific); 13:00 (London); 14:00 (Sweden).

Please call in a few minutes before the conference starts and stay on the line (an operator will be available to assist you).

Call-in number for the conference call (North America): +1 416-340-2218

Call-in number for the conference call (North America Toll Free): +1 866-223-7781

Call-in number for the conference call (Europe Toll Free): +00 800-2787-2090

To take part in the interactive presentation, please log on using this direct link:

<http://www.investorcalendar.com/IC/CEPage.asp?ID=172038>

The presentation slideshow will also be available in PDF format for download from the Lucara website: www.lucaradiamond.com

A replay of the telephone conference call will be available approximately one hour after the completion of the conference call until December 26, 2013

Replay number in North America: +1 905-694-9451

North America (Toll Free) is: +1 800 408 3053

Europe (Toll Free) is: +00 800 3366 3052

The pass code for the replay is: 3011776

Qualified Person

Dr. Tom Nowicki, PhD, PGeo of Mineral Services Canada Inc. is a Qualified Person pursuant to NI 43-101 and has reviewed the technical contents of this news release.

About Lucara

Lucara is a well positioned new diamond producer. The Company has an experienced board and management team with extensive diamond development and operations expertise. The Company's two key assets are the Karowe Mine in Botswana and the Mothae Project in Lesotho. The 100% owned Karowe Mine is in production. The 75% owned Mothae Project has completed its trial mining program.

Forward-Looking Statements

This press release contains "forward-looking information" that is based on Lucara's expectations, estimates and projections as of the dates as of which those statements were made. This forward-looking

information includes, among other things, statements with respect to the use of the proceeds of the credit facility. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as "outlook", "anticipate", "project", "target", "believe", "estimate", "expect", "intend", "should", "scheduled", "will", "plan", "would" and similar expressions. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause Lucara's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information and is developed based on assumptions about such risks, uncertainties and other factors. A discussion of factors that may affect Lucara's actual results, performance, achievements or financial position is contained in the filings by Lucara with the Canadian provincial securities regulatory authorities, including Lucara's 2011 annual information form filed on SEDAR on March 22, 2012.

Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to the continued general market conditions, development of the AK6 project, no material adverse change in the market price of commodities and that the costs of development and operation of the AK6 project will be in line with management's expectations. Although Lucara attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements. Lucara disclaims any intent or obligations to update or revise publicly any forward-looking statements whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law.

On Behalf of the Board,

William Lamb
President and CEO

Lucara's Certified Advisor on NASDAQ OMX First North is Pareto Securities AB.

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