



Lucara Diamond

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NEWS RELEASE

LUCARA DIAMOND CORP PROVIDES OPERATING OUTLOOK FOR 2015

DECEMBER 8, 2014 (LUC – TSX, LUC – BSE, LUC – Nasdaq Stockholm) Lucara Diamond Corp. (“Lucara” or the “Company”) is pleased to provide operating performance and capital expenditure guidance for 2015. Key estimates are as follows:

- Revenue of \$230 to \$240 million is expected from the sale of 400,000 to 420,000 carats of diamonds in 2015.
- Karowe operating cash costs are expected to be between \$33-\$36 per tonne treated.
- Mining is forecast at 2.5-2.8 million tonnes of kimberlite.
- Waste mining is scheduled to be approximately 12.0-12.5 million tonnes.
- The Company is forecasting to process between 2.3-2.5 million tonnes through the plant.
- Building and commissioning of Karowe’s plant optimization project is forecast to be complete during the second quarter of 2015 for a total cost of \$55 million of which \$40 million is forecast to be spent in 2014.
- The Company expects to spend \$7.0-\$8.0 million on exploration work, to be conducted on its two prospecting licenses awarded in 2014.
- Sustaining capital expenditure is forecast between \$7.5-\$8.5 million including a one time expenditure to purchase mill relining equipment for an expenditure of \$5 million of which \$3 million is to be spent in 2015.

William Lamb, President and Chief Executive Officer commented, “Lucara had a successful year in 2014, generating strong cash flows through the achievement of its production targets at lower than forecast operating costs and from significant revenues generated from the sale of its large and exceptional diamonds during the year.

Following the completion of the plant optimization project, Karowe will focus extensively on processing material from the South Lobe. It will be an exciting second half of 2015 based on the South Lobe diamonds, which have historically achieved stronger diamond valuations at our tenders and have contained a high population of specials (+10.8 carats).

The Company is forecasting to build on its strong cash balance to position itself for growth opportunities at Karowe while continuing to return income to our shareholders in 2015 in line with our current dividend policy”.

Karowe - Diamond Sales, Production and Cost Outlook:

Karowe Mine	Full Year 2015
Diamond sales (thousands of carats)	400 - 420
Diamond revenue (million)	\$230 - \$240
Ore tonnes mined (million)	2.5 – 2.8
Waste tonnes mined (million)	12.0 – 12.5
Ore tonnes milled (million)	2.3 – 2.5
Operating cash costs including waste mined (per tonne milled)	\$33.0 – \$36.0
Operating cash costs excluding waste mined (per tonne milled)	\$22.0 - \$23.0
Ore and waste mined cash costs (per tonne mined)	\$3.15 - \$3.25
Processing cash costs (per tonne milled)	\$11.0 – \$12.0
Mine on-site departmental costs (security, technical services, mine planning, safety and health, geology) – per tonne milled	\$3.40 - \$3.50
Botswana general and administration costs including marketing costs (per tonne milled).	\$2.80 - \$2.90
Botswana tax rate	35% - 37%

Production and Diamond Revenue

The Karowe mine is forecast to treat between 2.3-2.5 million tonnes of ore, producing over 400,000 carats of diamond. It is expected that the mine will process material largely from stockpile during the first quarter of 2015 as the plant modifications to treat the harder, higher yield south lobe ore are planned for commissioning and completion during Q2 2015. In anticipation of the plant optimization being complete in Q2 the mine plan transitions to the south lobe during this quarter with the higher value south lobe being the primary area being mined to the end of 2015.

Diamond Revenue is forecast at \$230-\$240 million in 2015 from the sale of 400,000-420,000 carats of diamond. The sale of diamonds in the first half of 2015, largely from stockpiles includes a higher proportion of north lobe diamonds, and therefore it is forecast that sales in the first half of the year may be of a lower value. It is expected that the final six months of the year will include a significantly higher proportion of the higher value south lobe once the commissioning of the plant optimization program is complete.

Karowe is forecast to mine 2.5-2.8 million tonnes of ore and increase waste mined during 2015, in line with the original feasibility mine plan, as it continues to open up the full extent of the south lobe. As a result the Karowe mine plan requires more than 12 million tonnes of waste to be stripped and stockpiled or used to expand the tailings facility in 2015.

Cash Costs – Operating costs per tonne milled

Cash costs per tonne of ore treated is forecast to be between \$33-\$36 per tonne as compared to 2014 forecast of \$31-\$33 per tonne. The forecast increase in operating cash costs is due to higher forecast operating costs resulting from the change to the process plant facilities to improve large diamond recovery; processing of harder material from the south lobe; a forecast increase in tonnes of waste mined in 2015; an increase in forecast power costs in Botswana and an estimated 6% CPI increase in Botswana.

Capital Expenditure Guidance

Sustaining capital of between \$7.5-\$8.5 million includes a one time expenditure in 2015 to purchase mill relining equipment (\$5.0 million of which \$3.0 million is forecast to be spent in 2015) following a change to the front end of the mill to increase process efficiency of the harder south lobe ore. It is expected that the mill relining equipment will reduce current maintenance downtime by 50%.

The plant optimization project has progressed well and is forecast to be complete in the second quarter at a cost of \$55 million, of which \$40 million is forecast to be spent in 2014.

Karowe – Prospecting license exploration program

The Company was awarded two precious stone prospecting licenses within the Orapa Kimberlite field in close proximity to the Karowe Diamond mine during 2014. License Block 371/2014 has an area of 55.4 km² and is host to two diamond-bearing kimberlites (AK11, AK12). The kimberlites have seen limited exploration by previous operators and are covered by a thin veneer of sand cover. Licence Block 367/2014 is approximately 30 kilometres to the east of the Karowe mine and is host to the diamondiferous BK02 kimberlite. The BK02 kimberlite has a surface area of approximately 2.5ha and is also covered by a thin veneer of sand over. The Company intends to conduct ground geophysical surveys and commence the extraction of up to 5000 tonne mini-bulk samples from each of the prospective kimberlites. Work will commence in the 4th quarter of 2014 and continue through 2015. The Company has ordered a bulk sampling plant, which will cost between \$4.0-\$5.0 million fully installed and will be located at the Karowe Mine. The plant commissioning is planned for Q2 2015. It is forecast that up to \$3.0 million will be spent on exploration of these kimberlites in 2015.

On behalf of the Board,

William Lamb
President and CEO

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About Lucara

Lucara is a well positioned diamond producer. The Company has an experienced board and management team with extensive diamond development and operations expertise. The Company's two 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. The Company also has prospecting licenses in Botswana close to it's Karowe Mine.

Information in this release is accurate at the time of distribution but may be superseded or qualified by subsequent news releases.

Information in this release is price sensitive and has been made public in accordance with the Swedish Securities Market Act (2077:528).

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 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 correct 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 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 rate; expectations regarding the need to raise capital; possible impacts of disputes or litigation and other risks and uncertainties describe under Risks and Uncertainties disclosed in the Company's Annual Information Form.

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 "Risk Factors" 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.