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NEWS RELEASE

LUCARA REPORTS STRONG FIRST QUARTER RESULTS

MAY 8, 2014 (LUC – TSX, LUC – BSE, LUC – NASDAQ OMX First North) Lucara Diamond Corp. (“Lucara” or the “Company”) today reported proceeds of \$33.5 million from two diamond sales during the period with net earnings of \$5.1 million and cash flows of \$13.1 million generated from operations before working capital adjustments.

HIGHLIGHTS

Safety: Karowe’s Lost Time Injuries Frequency Rate (“LTIFR”) for the quarter was zero as there were no Lost Time Injury (“LTI’s”) and no reportable environmental incidents during the period. 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 \$33.5 million (\$312 per carat) from sales of 107,470 carats of diamond during the first quarter of 2014. Proceeds of \$750,000 were received after the quarter and will be accounted for in Q2 revenues. The average price of \$312 per carat compares to \$225 per carat for the first quarter in the prior year. Revenues during the period, which exclude the proceeds received after period end, were \$32.8 million for the period.

At an average operating expense of \$118 per carat, the cash operating margin during the quarter was \$187 per carat.

Net cash position: The Company’s quarter-end cash balance was \$56.8 million compared to a net debt position of \$26.2 million in the previous year and \$49.4 million at the end of 2013. In addition to production costs of \$118 per carat the Company spent \$1.9 million on Karowe’s plant optimization project and paid the December 2013 tender royalty and 2013 employee bonus payments during the quarter.

Karowe operating performance: Karowe performed better than budget in terms ore mined and carats recovered during the period. Waste mining was marginally below budget during the period and plans are in place to meet full year budget volumes. The Company recovered 111,037 carats including 188 special stones (+10.8 carats) during the period.

William Lamb, President and Chief Executive Officer commented “Lucara has had a strong start to the year with continued production performance from the mine team and two successful tenders during the first quarter generating revenue in excess of \$30 million. We have brought forward our second Exceptional Stone Tender to early in the third quarter due to the sustainable recovery of large stones with more than 330 special stones (+10.8 carats) recovered to date. This follows very strong results from our first Exceptional Stone Tender in 2014, which was held in early April for proceeds of \$50 million.”

FINANCIAL HIGHLIGHTS

<i>In millions of U.S. dollars unless otherwise noted</i>	Three months ended March 31	
	2014	2013
Revenue	\$ 32.8	\$ 32.5
Average price per carat sold (\$/ct)	\$ 305	\$ 225
Operating expenses per carat sold (\$/ct)	118	86
Cash operating margin per carat sold (\$/ct)	187	139
Net income for the period	5.1	6.2
Earnings per share (basic and diluted)	0.01	0.02
Adjusted earnings per share (basic and diluted) ⁽¹⁾	0.03	0.02
Cash on hand	56.8	17.4

⁽¹⁾ Adjusted earnings per share for the period is a non-IFRS measure defined as adjusted net income divided by the number of shares outstanding at the end of the period on both a basic and fully diluted basis. Adjusted net income for the period is a non-IFRS measure defined as earnings before non-cash foreign exchange loss related to intercompany repayment and non-cash deferred income tax expense.

RESULTS OF OPERATIONS

	UNIT	Q1-14	Q4-13	Q3-13	Q2-13	Q1-13
Sales						
Revenues	US\$m	32.8	58.7	42.1	47.2	32.5
Proceeds generated from sales tenders conducted in the quarter are comprised of:	US\$m	33.6	47.8	50.9	49.3	32.5
Sales proceeds received during the quarter	US\$m	32.8	58.7	42.1	47.2	32.5
Q1 2014 tender proceeds received post Q1 2014	US\$m	0.8	-	-	-	-
Q3 2013 tender proceeds received post Q3 2013	US\$m	-	(10.9)	10.9	-	-
Q2 2013 tender proceeds received post Q2 2013	US\$m	-	-	(2.1)	2.1	-
Carats sold for proceeds generated during the period	Carats	107,470	110,635	80,918	102,452	144,712
Carats sold for revenues recognized during the period	Carats	107,454	127,804	76,582	89,619	144,712
Average price per carat for proceeds generated during the period	US\$	312	433	625	481	225
Production						
Tonnes mined (ore)	Tonnes	888,888	918,765	898,501	1,157,747	969,330
Tonnes mined (waste)	Tonnes	2,002,322	1,694,134	1,430,105	1,259,479	1,109,727
Tonnes milled	Tonnes	680,730	613,064	647,304	560,910	533,260
Average grade processed	cpht ^(*)	16.3	18.9	17.6	15.6	23.1
Carats recovered	Carats	111,037	116,061	113,882	87,580	123,228
Costs						
Operating costs per carats sold	US\$	118	109	110	102	86
Operating costs per tonne processed	US\$/tonne	18.6	22.7	13.0	16.3	23.3
Capital expenditures	US\$m	1.9	1.5	2.4	1.7	2.2

(*) carats per hundred tonnes

RESULTS OF OPERATIONS

Karowe Mine, Botswana

Operational performance at Karowe was very good for the first quarter of 2014. No lost time injuries or other significant safety incidents were recorded.

Tonnes of ore mined for the quarter performed better than budget and at a higher grade, which contributed to an increase in carats recovered during the period. Waste mined for the push back to open up access to the south lobe progressed well, but was lower than planned due to weather conditions. This shortfall is being addressed and waste mined is forecast to be in line with budget for the year.

Process plant performance performed better than budget during the period. A total of 188 special stones (+10.8 carats) were recovered during the quarter at an average size of 25.03 carats per stone.

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.

Karowe, Plant Optimization Project

Karowe's plant optimization project to modify the process plant to treat the harder material at depth and improve the recovery of exceptional diamonds is advancing according to the baseline schedule. Orders have been completed for long lead items, and the project schedule is targeting to be complete by first quarter of 2015.

OUTLOOK

This section of the MD&A provides management's production and cost estimates for 2014. These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements.

Karowe Mine, Botswana

Karowe is forecast to process 2.2-2.4 million tonnes of ore and to produce and sell 400,000 to 420,000 carats of diamond in 2014. Revenue is forecast between \$150 - \$160 million.

Ore mined is forecast between 3.0 – 3.5 million tonnes and waste mined is expected to be between 10.0 – 11.0 million tonnes.

Karowe's operating cash costs (see page 6 Non-IRFS measures) are expected to be between \$31-\$33 per tonne ore treated.

Capital expenditures include between \$45-\$50 million for Karowe's plant optimization to improve large diamond recovery following the occurrence of exceptional stones, and to enable sustainable processing of hard ore in the south lobe. Sustaining capital expenditures is forecast at \$3.5 million.

The Company plans on holding eight diamond tenders and two exceptional stone tenders during the year. The timing of these tenders will be based on Karowe's production profile as well as commercial decisions to maximize diamond revenue.

Karowe's detailed operating performance and capital spend guidance is available on SEDAR at www.sedar.com.

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 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 in this MD&A should not be unduly relied upon. 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 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 Annual Information Form dated March 20, 2014 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), 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.

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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