

## Q3 Results: Lucara Declares Special Dividend Following Strong Revenues and Operating Performance

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov. 10, 2014) - Lucara Diamond Corp. (TSX:LUC) (BOTSWANA:LUC)(NASDAQ OMX Stockholm:LUC) ("Lucara" or the "Company") is pleased to report revenue of \$195 million and EBITDA of \$126 million for the nine months to September 30, 2014. The Company has announced a special dividend of CA\$0.04 per share in addition to the CA\$0.02, regular semi-annual dividend resulting in a full year dividend of CA\$0.08 per share to its shareholders.

### HIGHLIGHTS

**Cash flows and operating margins:** The Company achieved revenue of \$91.3 million during the period, including \$24.8 million of proceeds from its June tender.

Total revenue to September 30, 2014 was \$195.0 million or \$634 per carat achieving an 81% operating margin of \$511 per carat. The Company's EBITDA at the end of September was \$125.8 million compared to the previous year of \$70.2 million.

Subsequent to the end of the third quarter, the Company concluded its third exceptional stone tender in October for proceeds of \$46.4 million or \$30,129 per carat. Following this sale the Company's full year-to-date proceeds were \$241.4 million.

**Net cash position:** The Company's quarter-end cash balance was \$133.1 million compared to a cash balance of \$33.6 million in September 30, 2013 and \$49.4 million of cash at the end of 2013. The Company's Scotiabank \$50 million credit facility remains undrawn.

**Karowe operating performance:** Karowe's performance was better than forecast during the period in terms of ore and waste mined and carats recovered. The plant optimization program is advancing to plan and the Company has achieved a critical milestone in commissioning the large diamond recovery circuit during the third quarter. The company also celebrated the achievement of 1.0 million carats recovered during the quarter.

**Adjusted Earnings per share:** Adjusted earnings per share is \$0.11 per share for the three month period ended September 30, 2014 (2013: earnings per share \$0.04) and \$0.19 per share for year to date September 30, 2014 (2013 earnings per share \$0.11). The adjusted earnings per share removes the non-cash foreign exchange impact on an intercompany loan between Corporate and Karowe in order to present the current cash distributable on an earnings per share basis.

**Dividends:** The Company has announced a special dividend of CA\$ 0.04 per share to be paid on December 18, 2014 along with its CA\$ 0.02 per share year-end dividend. The total dividend to be paid by the Company in 2014 is CA\$ 0.08 per share (Total semi-annual dividend of CA\$ 0.04 and special dividend of CA\$ 0.04 per share) is equivalent to a dividend yield of 3.3% based on the TSX closing price on November 7, 2014.

**Botswana Prospecting Licenses:** The Company was awarded two precious stone prospecting licenses within the Orapa Kimberlite field in close proximity to the Karowe Diamond mine during the period. The Company has ordered a bulk sampling plant and will commence work programs on the two prospecting licenses during 2015.

William Lamb, President and Chief Executive Officer commented "Lucara has continued to see strong demand for its diamonds with revenues boosted by our Exceptional and Large Diamonds, which have now contributed \$136 million this year following our large stone tender in October. These revenues, as well as our focus on cost control, have resulted in strong operating cash flows. We are re-investing in the business to secure future revenues through our plant optimization and large diamond recovery project and the commencement of exploration programs on two precious stone prospecting licenses in the Orapa region in Botswana. The Company has also declared a total dividend of CA\$0.08 per share for 2014 after only our second full year of operation which balances our capital requirements for development and our aim to return income to our shareholders"

### FINANCIAL HIGHLIGHTS

<i>In millions of U.S. dollars unless otherwise noted</i>	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Revenues (*)	\$ 91.3	\$ 42.1	\$ 195.0	\$ 121.8

Average price per carat sold (\$/carat)	791	550	634	392
Operating expenses per carat sold (\$/carat)	122	110	123	96
Operating margin per carat sold (\$/carat)	669	440	511	296
Net income for the period	41.8	15.0	62.5	43.9
Earnings per share (basic and diluted)	0.11	0.04	0.17	0.12
Adjusted earnings per share	0.11	0.04	0.19	0.12
Cash on hand	133.1	33.6	133.1	33.6

(\*) Revenue is presented based on cash receipts received during the period and excludes tender proceeds received after each quarter end. See results of operations for reconciliation of revenue and total proceeds for tenders received for each quarter.

## RESULTS OF OPERATIONS

### *Karowe Mine, Botswana*

	UNIT	Nine months ended Sept-14	Q3-14	Q2-14	Q1-14	Q4-13	Q3-13	
Sales								
Revenues	US\$m	195.0	91.3	71.0	32.7	58.7	42.1	
Proceeds generated from sales tenders conducted in the quarter are comprised of:								
Sales proceeds received during the quarter	US\$m	195.0	91.3	71.0	32.7	58.7	42.1	
Q2 2014 tender proceeds received post Q2 2014	US\$m	-	(24.8	) 24.8	-	-	-	
Q1 2014 tender proceeds received post Q1 2014	US\$m	-	-	(0.8	) 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	)
Carats sold for proceeds generated during the period	Carats	307,731	88,364	111,900	107,467	110,635	80,918	
Carats sold for revenues								

recognized during the period	Carats	307,731	115,362	84,915	107,454	127,804	76,582
Average price per carat for proceeds generated during the period	US\$	634	753	849	312	433	625
Production							
Tonnes mined (ore)	Tonnes	2,570,082	1,003,312	677,882	888,888	918,765	898,501
Tonnes mined (waste)	Tonnes	7,793,033	2,624,067	3,166,644	2,002,322	1,694,134	1,430,105
Tonnes milled	Tonnes	1,854,825	509,283	664,812	680,730	613,064	647,304
Average grade processed	cpht (* )	17.1	20.8	14.9	16.3	18.9	17.6
Carats recovered	Carats	316,341	106,162	99,142	111,037	116,061	113,882
Costs							
Operating costs per carats sold (see page 8 Non-IRFS measures)	US\$	123	122	132	118	109	110
Capital expenditures	US\$m	25.7	14.1	9.7	1.9	1.5	2.4
(*) carats per hundred tonnes							

Karowe had one lost time injury reported in the mining area in July resulting in a year to date LTIFR of 0.29 for the year.

The mine performed well during the third quarter with tonnes of ore mined exceeding the mine plan during the period. Waste mined for the push back to open up access to the south lobe continues as planned. Ore mined for the period was ahead of forecast with higher than expected grades processed compared to the previous quarter.

Mill throughput and carats recovered were in line with forecast. A total of 126 special stones (+10.8 carats) were recovered during the quarter at an average size of 30.71 carats. The frequency is lower compared to the previous quarter as the Company processed a larger volume of ore from the North lobe during the period, which has a known finer diamond size distribution and historically has produced a lower number of special stones. Year to date the weight percent of recovered specials at 4.96% is a positive outcome compared to the resource model value of 3.73 weight percentage for the South Lobe.

## 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 options for Mothae.

### *Karowe, Plant Optimization Project*

The Plant Optimization project progressed well during the period. The Company has spent approximately \$21.2 million of the forecasted \$55.0 million, to date. Industrial action by the National Union of Metalworkers of South African ended during the third quarter resulting in a 6-week project delay. The plant optimization project is forecast to be complete during the second quarter of 2015.

## OUTLOOK

This section 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*

The Company is forecasting revenues to exceed the top end of its June 30th revenue guidance of \$240 - \$250 million. This forecast is based on current earnings of \$241.4 million but also in consideration of its first entirely Gaborone based tender in November and a softening diamond market.

The Company expects to sell between 400,000 to 420,000 carats in 2014 from the Karowe mine. Karowe's operating cash costs are expected to remain between \$31 - \$33 per tonne ore treated.

Karowe is still forecast to process between 2.2 - 2.4 million tonnes. Forecast for ore mined remains at between 3.0 - 3.5 million tonnes and waste mined between 10.0 -11.0 million tonnes.

The Company maintains its forecast total cost for the plant optimization project at \$55 million and has revised its stay in business capital expenditures to \$5.0 million for the year. Additional capital is being spent on the Karowe slimes dam following a revised design plan aimed at increased overall capacity and decreased long-term costs.

The Company has also forecast an exploration capital expenditure of \$3.5 million, of which \$1.4 million is forecast to be spent in 2014 for the purchase of a bulk sample plant for work on its two Botswana prospecting licenses.

The Company held its third and final large stone tender for the year in October achieving proceeds of \$46.4 million from the sale of 14 diamonds with a combined weight of 1,539 carats. The Company plans on holding a further two diamond tenders during the fourth quarter of the year with a total of approximately 100,000 carats being put on sale.

On behalf of the Board,

William Lamb, President and CEO

A full copy of our Quarterly Financial Statements and Management's Discussion and Analysis ("MD&A") have been filed on our website at [www.lucaradiamond.com](http://www.lucaradiamond.com) and under our profile on: (i) SEDAR at [www.sedar.com](http://www.sedar.com); and; (ii) the Botswana Stock Exchange's website at [www.bse.co.bw](http://www.bse.co.bw).

### 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.

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), 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.

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