

Lucara Reports Strong Q2 Performance and Updates on the Plant Optimization Project

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug. 11, 2015) - Lucara Diamond Corp. (TSX:LUC) (BOTSWANA:LUC)(NASDAQ OMX Stockholm:LUC) ("Lucara" or the "Company") is pleased to report revenues of \$38.1 million for the quarter and \$67.8 million of the first six months of 2015. Revenues totalled \$138.1 million for the year to date following the exceptional stone tender in July.

HIGHLIGHTS

Cash flows and Diamond Revenues: The Company achieved revenues of \$38.1 million or \$412 per carat in the second quarter of 2015, excluding \$1.6 million of proceeds received after the quarter end. Revenues for the first six months totalled \$67.8 million or \$340 per carat which were 6.9% higher than the full year dollar per carat achieved in 2014 mainly due to the increase in the number of higher value single stones sold at the regular tender.

The Company's first exceptional stone tender of 2015, which was held after the end of the second quarter achieved revenues of \$68.7 million from the sale of 1,674 carats. The two largest diamonds, totalling 610 carats, sold for a total of \$37.1 million or \$60,639 per carat. Including the exceptional stone tender revenues, year to date diamond sales have achieved an average price of \$662 per carat which is 2.8% higher than the full year 2014.

Net cash position: The Company's second quarter end cash balance was \$74.0 million compared to \$82.1 million in the previous year and \$100.8 million at the end of 2014. The June cash balance excludes \$1.6 million of cash received after the quarter end for its June tender and revenue from the Company's exceptional stone tender held in July. The Company currently has a cash and receivable position of \$130.2 million following its July exceptional stone tender.

Adjusted Earnings per share: Adjusted earnings per share was \$0.02 per share for the three month period ended June 30, 2015 and \$0.04 per share for the six month period ended June 30, 2015 (\$0.10 and \$0.13 earnings per share for the three and six months to June 30, 2014 respectively).

Karowe and the Plant Optimization Project: Mining has performed well with ore mined in line with forecast and waste mining ahead of schedule. The plant optimization circuits have now been commissioned and fully integrated into the process facility. The XRT machines have performed extremely well recovering many of the large and high value diamonds sold in the Company's July exceptional stone tender. The Company is currently working on optimization of the dense medium separation circuit to maximize the recovery efficiency on the smaller, lower value diamonds processed through the plant.

Botswana Prospecting Licenses: In 2014, the Company was awarded two precious stone prospecting licenses located within a distance of 15 km and 30 km from Karowe respectively. The Company's construction of a bulk sampling plant is largely complete. Commissioning is on schedule for the third quarter with core drilling and bulk sampling activities to commence on receipt of the approved environmental management plan.

Dividend Paid: The Company paid its semi-annual dividend of CDN 2 cents per share on June 18, 2015.

William Lamb, President and Chief Executive Officer commented: "We are pleased to have achieved strong operational results and cash flows during the year, highlighted by our exceptional stone tender which the market continues to recognize as offering very high quality diamonds. The Company is currently in a very strong financial position despite what has been a more difficult period for the diamond industry."

The plant optimization project has been completed on schedule and within budget. The large diamond recovery is performing extremely well as evidenced by the recovery of large stones that contributed to the last exceptional stone tender. We are now working on optimizing the recovery of our smaller, lower value diamonds."

FINANCIAL HIGHLIGHTS

	Three months ended June 30		Six months ended June 30	
<i>In millions of U.S. dollars unless otherwise noted</i>	2015	2014	2015	2014

Revenues (*)	\$ 38.1	\$ 71.0	\$ 67.8	\$ 103.8
Average price per carat sold (\$/carat)	412	836	340	540
Operating expenses per carat sold (\$/carat)	160	132	132	124
Operating margin per carat sold (\$/carat)	252	704	208	416
Net income for the period	8.6	15.6	14.7	20.7
Earnings per share (basic and diluted)	0.02	0.04	0.04	0.05
Adjusted earnings per share	0.02	0.10	0.04	0.13
Cash on hand	74.0	82.1	74.0	82.1

(*) 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	YTD-15	Q2-15	Q1-15	Q4-14	Q3-14	Q2-14
Sales							
Revenues	US\$m	67.8	38.1	29.7	70.5	91.2	71.0
Proceeds generated from sales tenders conducted in the quarter are comprised of:	US\$m	69.4	39.7	29.7	70.5	66.5	95.0
Sales proceeds received during the quarter	US\$m	67.8	38.1	29.7	70.5	91.2	71.0
Q2 2015 tender proceeds received post Q2 2015	US\$m	1.6	1.6	-	-	-	-
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)
Carats sold for proceeds generated during the period	Carats	206,954	100,177	106,777	104,405	88,364	111,900
Carats sold for revenues recognized during the period	Carats	199,150	92,373	106,777	104,405	115,362	84,915
Average price per carat for proceeds generated during the period	US\$	335	396	278	675	753	849
Average price per carat for proceeds received during the period	US\$	340	412	278	675	791	836
Production							
Tonnes mined (ore)	Tonnes	1,284,142	722,855	561,287	757,672	1,003,312	677,882
Tonnes mined (waste)	Tonnes	7,521,977	4,278,605	3,243,372	2,477,687	2,624,067	3,166,644
Tonnes treated	Tonnes	1,110,507	506,538	603,969	566,681	509,283	664,812
Average grade processed	cpht (*)	15.8	16.9	14.9	20.1	20.8	14.9
Carats recovered	Carats	175,791	85,714	90,077	113,950	106,162	99,142
Costs							

Operating costs per carats sold	US\$	132	160	108	89	122	132
Capital expenditures (including capitalized waste)							
Plant Optimization	US\$m	11.6	2.2	9.4	16.6	12.8	4.5
Sustaining capital	US\$m	3.2	2.1	1.1	2.3	1.0	1.2
Bulk Sample Plant	US\$m	0.4	0.2	0.2	2.0	-	-
Capitalized waste	US\$m	9.3	4.2	5.1	1.8	0.4	4.0
Total	US\$m	24.5	8.7	15.8	22.7	14.2	9.7

(*) carats per hundred tonnes

Karowe Mine and Plant Optimization Project, Botswana

Karowe had no lost time injuries during the quarter resulting in a year to date Lost Time Injuries Frequency Rate ("LTIFR") of 0.65.

The plant optimization circuits have now been commissioned and fully integrated into the process facility. The XRT machines processing the larger sized material have performed extremely well with many of the large high value stones sold in the July exceptional stone tender being recovered post commissioning of the XRT machines. Recovery of special stones (+10.8 carats) remained strong during the quarter with a total of 146 special stones recovered at an average size of 34.16 carats per stone. The largest stone recovered during the quarter was a 342 carat stone from the south and centre lobe interface, which was sold in July for \$20.6 million.

The Company is focused on improving the recovery of its smaller, lower value diamonds. As part of this process the Company will be milling less ore in the medium term, which will slow the recovery of diamonds across all sizes. This deferral of diamond recovery enables these stones to be recovered and sold at a later date and potentially into a stronger diamond market.

REVIEW OF EXPLORATION AND MOTHAE

Botswana Prospecting Licenses:

The Company was awarded two precious stone prospecting licenses located within a distance of 15 km and 30 km from the Karowe Diamond mine in 2014. Ground geophysical surveys were conducted over known kimberlite occurrences within the prospecting licenses during Q4 2014 and Q1 2015. The geophysical results confirmed the kimberlite localities and have provided information that has been used to plan our core drilling and surface sampling programs for 2015. The Company's construction of a bulk sampling plant is largely complete. Commissioning is on schedule for the third quarter with core drilling and bulk sampling activities to commence on receipt of the approved environmental management plan.

Mothae Diamond Project, Lesotho

Following the signing of a memorandum of understanding ("MOU") for the sale of the Mothae Diamond project to Paragon Diamonds Limited, a share purchase agreement was entered into effective July 2, 2015 which was subsequently amended. In consideration for the sale, the Company will receive \$6.5 million cash payment and 5% of profits earned from the sale of the polished stones and/or rough diamonds not selected for polishing from the first 6.75 million tonnes of ore processed at Mothae by Paragon. The completion of the share purchase agreement is subject to the approval of the Lesotho Government. If closing of the sale does not occur by September 30, 2015 or a later date as agreed to by both parties, the share purchase agreement shall terminate.

OUTLOOK

These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements.

Karowe Mine, Botswana

As the Company will be milling at a slower rate for the second half of the year, the forecast for 2015 has been revised. It is expected that Karowe will process between 2.2 to 2.3 million tonnes of ore (previous guidance 2.3-2.4 million tonnes) and to sell 350,000 to 400,000 carats of diamond in 2015 (previous guidance 400,000-420,000 carats). The Company's revenue forecast has been reduced to between \$200 and \$220 million (previous guidance \$230-\$240 million) reflective of volume and a weaker diamond market.

Ore mined is consistent with previous guidance at between 2.5-2.8 million tonnes and waste mined of between 12.0-12.5 million tonnes.

Karowe's operating cash costs for the year are still forecasted within guidance of between \$33 and \$36 per tonne of ore treated.

The Company is within its guidance of \$55 million for the plant optimization project and its sustaining capital expenditures of between \$4.5-\$5.5 million for the year. The Company is also in line with its guidance of \$5 million for the purchase and installation of a mill relining machine of which up to \$3 million is forecast to be spent in 2015.

The Company maintains its forecast to spend between \$7.0-\$8.0 million on exploration.

On behalf of the Board,

William Lamb, President and CEO

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 assets include the Karowe Mine in Botswana, two Precious Stone Exploration Licenses in Botswana and the Mothae Project in Lesotho. The 100% owned Karowe Mine is in production. The 75% owned Mothae Project is currently being divested.

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

The information in this release is subject to the disclosure requirements of Lucara Diamond Corp. under the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was publicly communicated on August 11, 2015 at 4:00 p.m. Pacific Time.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements and information as defined in applicable securities laws including: the estimates of the Company's mineral reserve and resources; estimates of the Company's production and sales volumes, revenue for the Karowe Mine; exploration and development plans and objectives, production costs, exploration and development expenditures. 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 assumptions, 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 and uncertainties 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. In particular, such risks include 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 and other risks and uncertainties describe under Risks and Uncertainties disclosed under the heading "Risk Factors" in the Company's most recent Annual Information Form available at <http://www.sedar.com>.

Forward-looking statements and information 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.

Readers are cautioned not to place undue reliance on forward-looking statements and information.

<https://lucaradiamond.mediaroom.com/index.php?s=2429&item=122567>