

First Quarter Results: Lucara on Schedule to Complete Plant Optimization and to Process South Lobe Ore

VANCOUVER, BRITISH COLUMBIA--(Marketwired - May 12, 2015) - Lucara Diamond Corp. (TSX:LUC) (BOTSWANA:LUC)(NASDAQ OMX Stockholm:LUC) ("Lucara" or the "Company") is pleased to report revenues of \$29.6m with an operating margin of 61% and to announce that it will be paying a semi-annual dividend of Canadian \$0.02. The Company's plant optimization program is on schedule and processing of south lobe ore is expected to commence during the second quarter.

HIGHLIGHTS

Exceptional Diamonds: The Company recovered its largest gem quality diamond at 342 carats. The diamond will be offered for sale at the Company's first exceptional stone tender in 2015.

Plant Optimization Project: A primary focus for the Company in 2015 is to complete the plant optimization program so that it can commence mining the expected high value south lobe ore on a sustainable basis during the year. The project has advanced very well with construction largely complete and with no disruption to current operations or production. The project is forecast to be complete within the \$55 million budget. Commissioning has commenced and operational ramp up is expected to be complete during the second quarter of the year. The Company plans to start treating stockpiled south lobe ore during the second half of this year.

Upon the integration of the XRT machines to the process plant, the Company has recovered 19 (20-50 carats) stones, 3 (50-100 carats) stones and 4 (over 100 carats) stones.

Cash flows and operating margins: The Company achieved revenue of \$29.6 million or \$277 per carat yielding a 61% operating margin of \$169 per carat during the period. The Company's EBITDA at the end of March 2015 was \$11.9 million.

Net cash position: The Company's quarter-end cash balance was \$87.5 million compared to a cash balance of \$56.8 million at March 31, 2014 and \$100.8 million of cash at the end of 2014. The Company's Scotiabank \$50 million credit facility remains undrawn.

Karowe operating performance: Karowe's operating performance was largely in line with plan for the period in terms of ore and waste mined. Carats recovered were marginally below forecast. Diamond liberation is expected to improve once the tertiary crusher is commissioned. The operation performed well during the period meeting its operational targets while significant construction activity occurred on site as the Company advanced towards completion of the plant optimization project. The mine recovered 153 specials (+10.8 carats) with an average size of 27.7 carats.

Adjusted Earnings per share: Adjusted earnings per share is \$0.02 per share for the three month period ended March 31, 2015 (2014: earnings per share \$0.02).

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 is currently constructing a bulk sampling plant and will commence exploration work programs on the two prospecting licenses during 2015.

Dividend announcement: The Company is announcing a semi-annual dividend of Canadian \$0.02 on the issued common shares of Lucara which is payable on June 18, 2015 to the common shareholders on record of the Company on Friday June 05, 2015.

Mothae Sale: On May 1, 2015, the Company has entered into a binding memorandum of understanding ('MOU') for the sale of the Mothae Diamond project to Paragon Diamonds Limited. In consideration, the Company will receive \$8.5 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 MOU is subject to the approval of the Lesotho Government.

William Lamb, President and Chief Executive Officer commented "We are very pleased with the level of progress of the plant optimization project and the current stage of commissioning. We are excited about the new XRT technology, which has shown exceptional recovery in our testing to date. The recovery of a 342 carat diamond continues to show the quality of the resource and the mine's revenue generating capability. With the final integration of the XRT machines into the process plant we look forward to being able to sustainably access the south lobe and continue with our record of exceptional diamond recoveries"

FINANCIAL HIGHLIGHTS

	Three months ended March 31	
<i>In millions of U.S. dollars unless otherwise noted</i>	2015	2014
Revenues *	\$ 29.6	\$ 32.8
Average price per carat sold (\$/carat)	277	305
Operating expenses per carat sold (\$/carat)	108	118
Operating margin per carat sold (\$/carat)	169	187
Net income for the period	6.0	5.1
Earnings per share (basic and diluted)	0.02	0.01
Adjusted earnings per share	0.02	0.03
Cash on hand	87.5	56.8

(*) 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	Q1-15	Q4-14	Q3-14	Q2-14	Q1-14
Sales						
Revenues	US\$m	29.6	70.5	91.2	71.0	32.8
Proceeds generated from sales tenders conducted in the quarter are comprised of:	US\$m	29.6	70.5	66.5	95.0	33.6
Sales proceeds received during the quarter	US\$m	29.6	70.5	91.2	71.0	32.8
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
Carats sold for proceeds generated during the period	Carats	106,777	104,405	88,364	111,900	107,467
Carats sold for revenues recognized during the period	Carats	106,777	104,405	115,362	84,915	107,454
Average price per carat for proceeds generated during the period	US\$	277	675	753	849	312
Production						
Tonnes mined (ore)	Tonnes	561,287	757,672	1,003,312	677,882	888,888
Tonnes mined (waste)	Tonnes	3,243,372	2,477,687	2,624,067	3,166,644	2,002,322
Tonnes treated	Tonnes	603,969	566,681	509,283	664,812	680,730
Average grade processed	cpht *	14.9	20.1	20.8	14.9	16.3

Carats recovered	Carats	90,077	113,950	106,162	99,142	111,037
Costs						
Operating costs per carats sold	US\$	108	89	122	132	118
Capital expenditures						
Plant Optimization	US\$m	9.4	16.6	12.8	4.5	1.6
Sustaining capital	US\$m	1.1	2.3	1.0	1.2	0.3
Bulk Sample Plant	US\$m	0.2	2.0	-	-	-
Capitalized waste	US\$m	5.1	1.8	0.4	4.0	-
Total	US\$m	15.8	22.7	14.2	9.7	1.9
(*) carats per hundred tonnes						

Karowe Mine, Botswana

Karowe had one lost time injury reported in the Plant Upgrade Construction area in February resulting in a year to date LTIFR of 0.27.

The process plant performed well with tonnes and grade treated as forecast. Carats recovered were below forecast (7%) due to lower liberation when processing the harder fragmental kimberlite reducing recovered grade. This will be mitigated as part of the plant optimization with the commissioning of the tertiary crusher in the second quarter of 2015 increasing fine diamond liberation.

The Company's new mining contractor has completed their site mobilization and ramped up the mining rate through the quarter. Volume mined from the pit for the period was in excess of forecast, with waste mined ahead of forecast. Ore tonnage mined from the pit for the quarter was slightly below forecast but was at a higher grade and in line with operational requirements. Mining has concentrated in the south and centre lobes with most south lobe ore being stockpiled for future treatment.

REVIEW OF PROJECTS AND EXPLORATION

Karowe, Plant Optimization Project

The plant upgrade project to modify the process plant to treat harder, more dense ore at depth is well advanced. The Company has spent approximately \$45 million of the forecast \$55 million as at March 31, 2015.

As at March 31, 2015, construction work on site for the project was largely complete. Subsequent to the end of the first quarter of 2015, most cold commissioning had been completed with hot commissioning under way for the XRT and recovery circuits. The XRT circuit has functioned well and the XRT machines have shown exceptional recovery throughout the testing period. Operational ramp up and full plant integration is expected to be complete during the second quarter.

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 the Karowe Diamond mine respectively. 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 in 2015. The Company is currently constructing a bulk sampling plant and will commence exploration work programs on the two prospecting licenses during 2015. Manufacturing of the modular plant is well advanced and final assembly of the modules is underway at steel fabricators in South Africa. Components are due on site at the Karowe Mine during the second quarter with commissioning being undertaken in the third quarter. Core drilling and bulk sampling activities are planned for the third and fourth quarter of 2015.

Mothae Diamond Project, Lesotho

The Mothae project is located in northeast Lesotho. On May 1, 2015, the Company entered into a binding MOU for the sale of the Mothae Diamond project to Paragon Diamonds Limited. In consideration, the Company will receive \$8.5 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 MOU is subject to the approval of the Lesotho Government.

2015 OUTLOOK

The following provides management's production and cost estimates for 2015. These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements.

Karowe Mine, Botswana

Karowe is in line with its forecast to process 2.3-2.5 million tonnes of ore and to sell 400,000 to 420,000 carats of diamond in 2015 and maintains its revenue forecast of between \$230 and \$240 million.

Ore mined is forecasted between 2.5-2.8 million tonnes and waste mined is expected to be between 12.0-12.5 million tonnes.

Karowe's operating cash costs are expected to be between \$33 and \$36 per tonne ore treated.

The Company has maintained its forecast for the plant optimization project at a total cost of \$55 million. In addition to the plant optimization project, the Company has forecast expenditures 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. Sustaining capital expenditures are forecasted to be between \$4.5-\$5.5 million for the year.

The Company maintains its forecast to spend between \$7-\$8 million on exploration, including the purchase of a bulk sample plant for up to \$5 million.

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 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.

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 May 12, 2015 at 2:30 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.

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