Lucara Diamond

Lucara Diamond Corp. First Quarter Results

VANCOUVER, BRITISH COLUMBIA--(Marketwired - May 9, 2013) - Lucara Diamond Corp. (TSX:LUC)(BOTSWANA:LUC)(NASDAQ OMX First North:LUC) ("Lucara" or the "Company") today reports its first quarter 2013 results.

William Lamb, President and Chief Executive Officer, commented: "Lucara had solid operational performance and sales for the first quarter continuing the growth trend from 2012. Also continuing is the recovery of high quality diamonds from the Karowe Mine. An exceptional 239 carat stone was recently recovered as well as several excellent quality stones greater than 50 carats. This, along with the multiple recoveries of extremely rare and valuable blue diamonds, highlights the importance of this new mine. We are planning to conduct our first special large stone tender in May in addition to our normal tender (twice quarterly) of diamonds which is in excess of 50,000 carats."

SUMMARY FINANCIAL RESULTS FOR THE QUARTER (1):

	Three months ended March 31	
In millions of U.S. dollars unless otherwise noted	2013	2012
Revenues	$ 32.5	$ -
Cash operating earnings	16.8	-
EBITDA	14.7	(4.7)
Basic and diluted earnings (loss) per share	0.02	(0.01)
Cash flow from operations (before working capital adjustments)	15.0	(4.5)
Cash on hand	17.4	26.3

Karowe Mine - Botswana

- During the first quarter of 2013 the Company completed two sales totalling 144,712 carats for proceeds of $32.5 million. The 2013 sales included six parcels totalling 18,233 carats, which were withheld from the December 2012 sale due to low volumes of competitive bidding. Excluding the December inventory sold in January, the average sales price for full 2013 production sold was $243 per carat. Total sales forecast for 2013 is 400,000 carats.
- The Company sold its second blue stone, a 4.77 carat diamond in its March sale for $1.6 million or $341,416 per carat.
- During the period the Company recovered a number of significant gem quality diamonds from its run of mine production. This includes 6 diamonds in excess of 50 carats and 28 diamonds between 20 and 50 carats. The company is planning its first large and exceptional stone tender in May, which is in addition to its normally planned tender of over 50,000 carats of diamond. The diamonds which will be sold during the large stone tender can be seen on the Company's website.
- Operating expenses per carat sold was $86 per carat.
- Cash operating earnings during the first quarter of 2013 (excluding depreciation, amortization and depletion) was $16.8 million or 52% of gross revenue.
- The mill treated 0.6 million tonnes during the first quarter of 2013 and produced a total of 123,228 carats of diamond. Average grade processed during the quarter was 22.4 carats per hundred tonnes, which exceeded expectations.

Mothae Project - Lesotho

- A final sale of Mothae diamonds recovered from the test mining phase was held in February 2013. A total of 2,102 carats of diamond were sold for $918,828 for an average price of $437 per carat representing all unsold diamonds recovered from the Mothae test mining phase.
- The Mothae project remained on temporary care and maintenance during the quarter and the Company is currently reviewing a number of development options for Mothae.

Corporate

- Cash on hand as at March 31, 2013 was $17.4 million. This included $4.5 million drawn from the Company's Scotiabank credit facility.
- The principal balance of a $50 million debenture was reduced to $41.7 million ($50.0 million at December

31, 2012) with the first payment being made as scheduled at the end of the first quarter.

Safety

- There were no Lost Time Injuries ("LTI's") or reportable environmental incidents at Karowe during the year continuing its excellent safety, health and environment record. There have been over 3.2 million hours worked without any LTI's since March 2011, including 0.3 million hours since the beginning of 2013. Karowe's Lost Time Injuries Frequency Rate ("LTIFR") was zero for the quarter. LTIFR is defined as the total number of work hours lost per 200,000 work hours.

(1) The Company's financial results are prepared in accordance with IFRS. This press release refers to cash operating earnings and EBITDA, which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. Refer to the "Non-GAAP Measures" section in the MD&A for further details.

SELECT FINANCIAL INFORMATION

	Three months ended March 31					
In millions of U.S. dollars unless otherwise noted	2013			2012		
Revenues	$	32.5		$	-	
Operating expenses		(12.5	)		-	
Royalty expenses		(3.2	)		-	
Cash operating earnings (1)		16.8			-	
Exploration expenditures		(0.2	)		(3.3	)
Administration		(1.9	)		(1.4	)
Gain on sale of diamonds		0.6			-	
Sales and marketing		(0.6	)		-	
EBITDA (2)		14.7			(4.7	)
Depletion, amortization and accretion		(4.4	)		-	
Finance expenses		(1.0	)		(0.3	)
Foreign exchange gain (loss)		(3.1	)		0.8	
Net income (loss) for the period		6.2			(4.2	)
Total equity		152.8			171.9	
Cash flow from operations (before working capital adjustments)		15.0			(4.5	)
Total assets		222.0			244.7	
Cash on hand		17.4			26.3	
Income (loss) per share (basic and diluted)		0.02			(0.01	)
Per carats sold						
Sales price	$	225		$	-	
Operating expenses		86			-	
Average grade (carats per hundred tonnes)		22.4			-	

(1) Cash operating earnings is a non-GAAP measure defined as sales less operating expenses and royalty expenses.
(2) EBITDA is a non-GAAP measure defined as earnings before interest, taxation, depreciation and amortization.

R*evenues*

During the first quarter of 2013 the Company had two sales totalling 144,712 carats for gross proceeds of $32.5 million, which included the sale of 18,233 carats withheld from the its December 2012 sale. The average sales price for 2013 run of mine production was $243 per carat.

Cash operating earnings

Cash operating earnings for the three months ended March 31, 2013 was $16.8 million. This reflects a $225 per carat price received for diamonds sold net of royalties of 10% and operating expenses of $86 per carat sold.

Cash operating earnings of $16.8 million result in a gross margin of 52% on sales. The average grade for the quarter was 22.4 carats per hundred tonnes, which was in excess of budget.

Cash operating earnings is a non-GAAP measure and is reconciled in the table above.

Exploration expenditures

Exploration expenditures relating to the Mothae project were $0.2 million during the quarter compared to $3.3 million during the first quarter of 2012. The Mothae project was placed on temporary care and maintenance at the end of 2012 and as a result, incurred limited operating expenditures in the first quarter of 2013.

Administration expenses

Administration expenses increased 0.5 million when comparing the three month period ended March 31, 2013 to the three month period ended March 31, 2012. The increase in administration expenses is largely due to costs in Botswana, which are now expensed rather than being capitalized as was done in 2012 as part of the commissioning of Karowe.

Earnings before interest, tax, depreciation and amortization (EBITDA)

EBITDA for the first quarter of 2013 was $14.7 million compared to a loss of $4.7 million in the first quarter of 2012. This was a result of cash operating earnings of $16.8 million earned from Karowe and decreased exploration expenditures of $3.1 million at Mothae.

EBITDA is a non-GAAP measure and is reconciled in the table above.

SUMMARY OF QUARTERLY RESULTS

Three months ended	Mar-13		Dec-12		Sept-12		Jun-12	
A. Total revenues	32,503,543		29,171,742		12,658,547		Nil	
B. Exploration recovery (expenditures)	374,318		(2,277,062	)	(4,464,791	)	(2,798,489	)
C. Administration expenses	(1,945,896	)	(1,798,381	)	(2,979,850	)	(3,392,079	)
D. Net income (loss)	6,168,786		7,664,989		(3,413,079	)	(7,607,000	)
E. Earnings (loss) per share (basic and diluted)	0.02		0.02		(0.01	)	(0.02	)

Three months ended	Mar-12		Dec-11		Sept-11		Jun-11	
A. Total revenues	Nil		Nil		Nil		Nil	
B. Exploration recovery (expenditures)	(3,313,504	)	564,851		(3,116,383	)	(2,866,454	)
C. Administration expenses	(1,363,964	)	(2,254,982	)	(1,304,914	)	(1,845,748	)
D. Net income (loss)	(4,169,711	)	(5,438,374	)	(5,453,107	)	(5,921,521	)
E. Earnings (loss) per share (basic and diluted)	(0.01	)	(0.01	)	(0.01	)	(0.02	)

Operating expenses and net income (loss), quarter over quarter, vary in relation to the level of activities undertaken by the Company during the financial quarters reported. These activities include the volumes and timing of diamond sales, the net price realized in such sales, cost of goods sold, corporate development initiatives and net exploration expenditures incurred.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2012, the Company had cash and cash equivalents of $17.4 million compared to cash and cash equivalents of $13.3 million at December 31, 2012.

Cash generated from operating activities before working capital movements for the quarter was an inflow of $15.0 million. These proceeds were offset by the Company's $8.3 million debenture payment at the end of March and payment of $2.2 million for project retentions during the quarter, which completes the capital book for the project at a total expenditure marginally below $120 million.

Net cash from financing activities for the three months ended March 31, 2013 included an $8.3 million repayment on the Company's debenture.

In April 2012 the Company signed a definitive agreement with the Bank of Nova Scotia for a $25 million revolving term credit facility with a maturity date of March 26, 2014, which may be extended if both parties agree.

The facility contains financial and non-financial covenants customary for a facility of this size and nature. As at March 31, 2013, the Company is in compliance with all financial and non-financial covenants. The applicable interest rate of any loan under the facility will be determined by the Company's leverage ratio at any given time. The Company has provided security on the two year facility by way of a charge over the Company's Karowe assets and a guarantee by the Company's subsidiaries, which hold the Karowe assets. As at March 31, 2013 the Company had drawn $4.5 million of the credit facility.

The Company has entered into a series forward exchange contracts to fix the rate at which future anticipated cash flows in U.S. dollars are exchanged in Botswana Pula. Such contracts include forward sales of U.S. dollars from May to December 2013 at an average rate of Botswana Pula 7.9586 per $1.00, in the aggregate amount of $39.0 million.

FUTURE PLANS AND OUTLOOK

Boteti Karowe Mine, Botswana

Karowe's 2013 budget is to mine and process 2.5 million tonnes of ore and to produce 400,000 carats of diamond for sale.

The Company anticipates holding eight sales (two per quarter) of regular run-of-mine diamonds and at least one sale for large and special diamonds in 2013. The sales are anticipated to average 50,000 carats of diamond each and there will be client viewings conducted in both Gaborone and Antwerp.

Mothae Diamond Project, Lesotho

The Mothae project will remain on temporary care and maintenance pending a decision regarding potential development options for the project.

Other Matters

At a meeting of the Board of Directors of the Company (the "Board") held on March 21, 2013, the Board adopted an Advance Notice Policy (the "ANP"), which includes, among other things, a provision that requires advance notice be given to the Company in circumstances where nominations of persons for election to the Board are made by shareholders of the Company. In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 days nor more than 65 days prior to the date of the annual meeting. However, in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting) notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

Additionally, the ANP sets forth the information that a shareholder must include in the notice of the Company, and establishes the form in which the shareholder must submit the notice for that notice to be in proper written form. The full text of the ANP is available on the Company's website and on SEDAR.

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 the production. The 75% owned Mothae Project has completed its trial mining program.

On Behalf of the Board,

William Lamb, President and CEO

Lucara's Certified Advisor on NASDAQ OMX First North is Pareto Öhman AB.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain of the statements made and contained herein in the press release constitute forward-looking statements as defined in applicable securities laws. Generally, these forward-looking statements include any statements with respect to predictions, expectations, beliefs, plans, projects, objectives, assumptions or future events or performance and often (but not always) 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. In particular, this press release contains 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;

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. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to materially differ from those reflected in the forward-looking statements including, without limitation, the following risks and uncertainties for the Company: general global financial and economic conditions; future market prices for diamonds; the supply and demand for rough diamonds; ability to access capital; fluctuations in interest rates and foreign currency exchange rates; inherent hazards and risks associated with mining operations; estimations of the Company's production and sales volume for the Karowe Mine; costs associated with the construction of the Karowe mine; operational costs, including costs of power and diesel; operational difficulties, including failure of plant, equipment or processes to operate in accordance with specifications or expectations; industrial job disturbances; environmental and other regulatory requirements, including changes in the same; the acts of the governments of the jurisdictions in which the Company's operations are located; obtaining governmental approvals and permits; estimation of mineral resources, including the continuity of grade of diamondiferous mineralization; risks related to property titles; the dependence on transportation facilities and infrastructure; the Company is required to carry uninsurable risks; the mining industry is competitive; risks associated with current and future legal proceedings; conflicts of interest; dependence on management and technical personnel; and risks associated with volatility in the securities market.

Certain of these risks are discussed under the heading "Risk Factors' in the Company's Annual Information Form dated March 22, 2012 available at www.sedar.com. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward looking statements due to these risks, uncertainties and other factors. Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The Company disclaims any intention or obligation to update or revise forward-looking statements if circumstances or management's beliefs, expectations, or opinions should change, except as required by law.
