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LUCARA DIAMOND PROVIDES OPERATING OUTLOOK FOR 2014

JANUARY 13, 2014 (LUC – TSX, LUC – BSE, LUC – NASDAQ OMX First North) … Lucara Diamond Corp. ("Lucara" or the "Company") is pleased to provide operating performance and capital expenditure guidance for 2014. Key operational estimates are as follows:

- Revenue of $150 to $160 million is expected from the sale of 400,000 to 420,000 carats of diamonds in 2014, including the assumption that the Company will have two exceptional stone tenders.
- Karowe operating cash costs are expected to be between $31-$33 per tonne treated.
- Mining is forecast at 3.0-3.5 million tonnes of kimberlite of which it is anticipated that 2.2-2.4 million tonnes will be processed through the plant with the remainder being stockpiled.
- Waste mining is scheduled to be approximately 10.0-11.0 million tonnes.
- Building and commissioning of a plant upgrade at Karowe to improve large diamond recovery following continued occurrence of exceptional stones and to enable sustainable processing of harder ore in the south lobe. This is forecast at an expenditure of $45-$50 million.
- Sustaining capital expenditure of $3.5 million is expected.

William Lamb, President and Chief Executive Officer, commented, "Lucara had a strong year in 2013, achieving its production and operating cost targets and exceeding forecast revenues following the recovery of a high proportion of large exceptional quality diamonds during the year.

In 2014 it is expected that the scheduled plant upgrade, largely funded from the Company's 2013 year end cash balance will be completed and brought online to deliver sustainable diamond recovery for production of 2.5 million tonnes per annum for the remainder of the mine life. This upgrade will also include processes to ensure the safe recovery of the value driving large and exceptional diamonds of Karowe.

The Company is focussed on building on its strong financial position through operational optimization and focused cost management. "

Production and Cost Outlook:

Karowe Mine	Full Year 2014
Ore tonnes mined (million)	3.0 – 3.5
Waste tonnes mined (million)	10.0 – 11.0
Ore tonnes treated (million)	2.2 - 2.4
Carats recovered (thousands)	400 – 420
Ore treated costs ($ per tonne)	$31.0 – $33.0
Ore treated costs excluding waste ($ per tonne)	$22.0 – $23.0
Ore mined cash costs ($ per tonne)	$3.20 - $3.30
Waste mined cash costs ($ per tonne)	$3.15 - $ 3.20
Processing cash costs ($ per tonne milled)	9.00 - 9.20
General and Administration Costs ($ per tonne milled). Costs include (security, health and safety, engineering, onsite administration).	$2.9 - $3.10
All In cash operating costs ($ per tonne milled)	$31.00 - $33.00

Production

The Karowe Mine is forecast to treat between 2.2-2.4 million tonnes of ore, producing over 400,000 carats of diamonds, which is in line with forecast production for 2013. The plant throughput is constrained as downtime is scheduled to enable integration and commissioning of the new large diamond recovery and crushing circuits. The forecast for tonnes treated per annum returns to 2.5 million in 2015. Financial analysis has indicated that a treatment rate of 2.5 million tonnes per annum is optimal for the remaining mine life.

Karowe is forecast to increase waste mined during 2014, in line with the original feasibility mine plan, as it opens up the full extent of the South lobe. The Karowe mine plan, therefore, expects more that 10 million tonnes of waste will be stripped and stockpiled or used to expand the tailings in 2014.

2014 Cash Costs

Cash costs per tonne of ore treated is forecast to be between $31-$33 per tonne as compared to 2013 forecast of $23 per tonne. The forecast increase in operating cash costs is largely due to the additional 4.5 million tonnes of waste mined during the year.

Processing costs are also forecast to be marginally higher following the change to the process plant facilities to improve large diamond recovery and process harder material from the south lobe.

2014 Capital Expenditure Guidance

The Karowe Mine has been in production since May 2012 and has conducted mining and processing operations broadly in line with the feasibility study. As of December 2013 there have been 5.5 million tonnes of waste removed to allow for the extraction of 3.9 million tonnes of ore, 2.4 million tonnes of which were processed, yielding 441,000 carats of diamonds. A total of 439,000 carats have been sold in 2013 with year end inventory of 67,000 carats of diamonds. The remaining, low-grade ore, has been stockpiled for treatment at the end of mine life.

The early stage mining and processing has been predominantly weathered ore (near the surface) but as the mine gets deeper, harder, more competent primary kimberlite ore is exposed. During 2014 the weathered ore will be depleted and the process plant feed will transition from weathered ore to competent, primary kimberlite ore. As discussed in the AK6 43-101 dated December 31, 2010, and estimated in the life-of-mine financial model, plant modifications (additional crushing capacity) are required to ensure that the annual tonnage treated is maintained, as the primary kimberlite requires more energy to crush or mill to liberate the diamonds.

During 2013 tests were conducted on site and at metallurgical laboratories to verify the ore treatment assumptions from the feasibility study. Subsequently, engineering studies have been completed to identify the most effective and cost efficient solution to process the ore.

A further development during 2013 was the recovery of large, exceptional quality, diamonds – a development which greatly enhanced the value of the Karowe asset. Since these diamonds were not predicted during the evaluation of the project, the initial process plant design at Karowe did not specifically allow for their effective recovery. Some minor, temporary, modifications were conducted during the year but it was highlighted that a sustainable solution was critical to ensure the safe recovery of these large, high value, diamonds. During 2014, as part of the plant modifications, an enhanced large diamond recovery circuit is planned for construction and commissioning.

Construction is scheduled to begin in Q1 2014 with completion scheduled for Q4 at a projected cost of between $45-$50 million.

Sustaining capital expenditure is forecast to be approximately $3.5 million.

These expenditures will be largely funded from the Company's 2013 year end cash balance, with the remainder funded from forecast 2014 cash flows. Net cash position as of 31 December 2013 was approximately $40 million. The Company's Scotiabank $25 million credit facility was undrawn at year end.

Resource Update

As a result of the continued recovery of large and exceptional stones at Karowe, the Company completed, and announced on December 19, 2013, a resource update and is expecting to release a revised NI 43-101 during the first quarter 2014.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain of the statements made and contained herein 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 be 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 release 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;, production 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 described 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 27, 2013 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.