NEWS RELEASE

LUCARA DIAMOND CORP REPORTS FIRST QUARTER RESULTS

May 10, 2012 (LUC – TSX, LUC – BSE, LUC – NASDAQ OMX First North) … Lucara Diamond Corp. (“Lucara” or the “Company”) is pleased to report results and highlights for the first quarter period ended March 31, 2012.

William Lamb, President and Chief Executive Officer, commented, “This is a pivotal time for the Company. This quarter marks Lucara’s transition from development stage to a producing diamond mining company. I would like to thank the team involved with the construction of Karowe for their outstanding work. Not only have they built a state-of-the-art mine within budget but also began commissioning the mine within only 18 months of completing a feasibility study on the project – which is a remarkable achievement. We now have an operating mine that is already proving up the quality of the asset. Karowe means “precious stone”, and given the high level of interest shown from the industry, it is a very suitable name. I’m proud to say that since the inception of Lucara we have achieved every objective we have set out to accomplish - a track-record we intend on maintaining.”

HIGHLIGHTS

KAROWE MINE

• Greater than 10,000 carats of diamonds were recovered from 28,000 tonnes of ore processed during April from the North Lobe where the grade in the upper benches is expected to exceed 32cpht. The ore mined during April had a resource grade of 34cpht. The mine production plan for the remainder of 2012 includes ore from the North and Centre Lobes and is expected to deliver an average ore grade of approximately 20cpht.

• Several large diamonds have been recovered including nine special stones larger than 10.8 carats. The three largest stones recovered are 26.57 carats, 25.88 carats and 24.59 carats. Diamonds recovered are of high quality and show strong crystal shapes.

• Commissioning activities at the Karowe mine were completed during April 2012 and the process facilities have been handed-over to operations. Ramp-up to full production is in progress with a target of 50% of the design throughput during May and 75% in June. At the end of the second quarter the operations are expected be operating as scheduled, at the full design capacity of 350 tonnes per hour.

• Karowe’s inaugural diamond sale will be held in early June with a total of six sales planned during 2012. It is expected that up to 40,000 carats will be available at this sale.

• The construction of the Karowe Mine is forecast to be completed within budget at an estimated cost of $120 million. Expenditure to March 31, 2012 was $93 million with further expenditures of $24.5 million committed.
MOTHAЕ DIAMOND PROJECT

- Mining was conducted in the central portion of the south lobe, exposing fresh, unweathered kimberlite, which will be tested to determine the comminution and liberation properties of the material. This kimberlite makes up the majority of the potential resource at Mothae.

- The delineation drilling program, which commenced in the fourth quarter of 2011 has been completed during the quarter. Information from this drilling campaign will be used to update the geologic and resource model for the Mothae kimberlite.

- The preliminary economic assessment (“PEA”) work on the Mothae kimberlite to determine the milling and diamond liberation characteristics continued during the quarter. The results from the preliminary economic assessment will be used to make an informed investment decision regarding Mothae during the fourth quarter of 2012. Approximately 15,000 tonnes of fresh, unweathered kimberlite from sample C11A have been stockpiled and will be processed through the Mothae plant early in the second quarter of 2012. Post completion of the PEA the NI 43-101 document will be updated.

CREDIT FINANCING IN PLACE

- In April, 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. Up to $15 million is available immediately with the remaining $19 million available following delivery of security over the Company’s Karowe assets, which is expected during the second quarter of this year.

BUSINESS REVIEW

Karowe Mine – Botswana

In the first quarter of 2012, activities across engineering, procurement, construction and the development of the operations team advanced the project such that construction was sufficiently complete to allow integrated ore commissioning activities to commence in early April.

During the first quarter, all unit processes had been run individually at, or above, design capacity. More than 5,000t of ore was processed through the front-end of the plant (primary crusher to stockpile). Mining activities concentrated on waste stripping (1.5 million tonnes in the first quarter) once the ore stockpile had been built up to 280,000t. In addition to the ore stockpile, production benches were prepared and ready to feed ore directly to the processing plant.

As at March 2012, the project had achieved over 1,500,000 hours without a lost time injury (LTI) and no environmental incidents have been recorded.

The operations team comprising Karowe staff, mining contractor (Kalcon) and process plant contractor (Minopex) staffed up during the first quarter.

Commissioning activities at the Karowe mine were completed during April 2012 and the process facilities have been handed-over to operations. Ramp-up to full production is in progress with a target of 50% of the design throughput during May and 75% in June. At the end of the second quarter the operations are expected to be operating, as scheduled, at the full design capacity of 350 tonnes per hour.

In the sales and marketing offices in Gaborone, the security systems and the stock control systems were installed and commissioned and the facilities are now ready to receive diamonds from the Karowe mine.

The first Karowe sale is forecast in June, with five additional sales scheduled during the year.
Mothae Diamond Project

Mining was conducted in the central portion of the south lobe, exposing fresh, unweathered kimberlite, which will be tested to determine the comminution and liberation properties of the material. This kimberlite makes up the majority of the potential resource at Mothae. Sample C11A commenced in mid-January and exaction and processing is ongoing. Summary tonnage and grade results for the trial mining programme are shown in table 1.

Table 1. Mothae Trial Mining Results as of March 31, 2012

<table>
<thead>
<tr>
<th>Fiscal Period</th>
<th>Bulk Sample</th>
<th>Wet Tonnage</th>
<th>Dry Tonnage</th>
<th>Stones</th>
<th>Carats*</th>
<th>Average Stone Size (cts/stone)</th>
<th>Dry Grade (cpht)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F1D</td>
<td>1,592</td>
<td>1,769</td>
<td>111</td>
<td>77.65</td>
<td>0.70</td>
<td>4.88</td>
</tr>
<tr>
<td></td>
<td>C4A</td>
<td>29,649</td>
<td>33,785</td>
<td>1,458</td>
<td>759.23</td>
<td>0.52</td>
<td>2.56</td>
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<tr>
<td></td>
<td>C5A</td>
<td>48,542</td>
<td>58,427</td>
<td>3,133</td>
<td>1,120.07</td>
<td>0.36</td>
<td>2.31</td>
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<tr>
<td></td>
<td>C6A</td>
<td>7,296</td>
<td>8,122</td>
<td>529</td>
<td>260.50</td>
<td>0.49</td>
<td>3.57</td>
</tr>
<tr>
<td></td>
<td>C8A</td>
<td>49,152</td>
<td>58,590</td>
<td>3,522</td>
<td>1,442.13</td>
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<td>2.93</td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td>C9A</td>
<td>40,370</td>
<td>47,797</td>
<td>3,841</td>
<td>1,940.71</td>
<td>0.51</td>
<td>4.81</td>
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<td>G2A</td>
<td>33,691</td>
<td>40,185</td>
<td>4,256</td>
<td>1,909.78</td>
<td>0.45</td>
<td>5.67</td>
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<tr>
<td></td>
<td>F2A</td>
<td>50,181</td>
<td>59,692</td>
<td>4,083</td>
<td>1,979.66</td>
<td>0.48</td>
<td>3.95</td>
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<tr>
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<td>G2B</td>
<td>22,689</td>
<td>25,931</td>
<td>3,022</td>
<td>1,286.89</td>
<td>0.43</td>
<td>5.67</td>
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<td></td>
<td>G3A</td>
<td>29,874</td>
<td>34,497</td>
<td>3,722</td>
<td>1,654.70</td>
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<td>C7A</td>
<td>18,425</td>
<td>21,287</td>
<td>572</td>
<td>348.02</td>
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<td></td>
<td>C6B</td>
<td>9,592</td>
<td>11,215</td>
<td>875</td>
<td>329.06</td>
<td>0.52</td>
<td>2.09</td>
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<tr>
<td></td>
<td>E2A**</td>
<td>15,720</td>
<td>18,115</td>
<td>631</td>
<td>329.06</td>
<td>0.52</td>
<td>2.09</td>
</tr>
<tr>
<td></td>
<td>C11A***</td>
<td>55,514</td>
<td>61,990</td>
<td>2,736</td>
<td>1,411.96</td>
<td>0.52</td>
<td>2.54</td>
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<td>Q1 2012</td>
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</tr>
<tr>
<td></td>
<td>Totals</td>
<td>412,287</td>
<td>481,402</td>
<td>32,491</td>
<td>14,923.56</td>
<td>0.46</td>
<td>3.62</td>
</tr>
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</table>

* All diamond recoveries and grades are reported at a bottom cut-off size of 2.0 mm
** About 3,500t of sample E2A was processed in December 2011.
*** Sample C11A is ongoing. Final results will be reported when this sample is completed.

Tonnage estimates are based on daily plant weightometer readings and moisture content measurements to determine a dry tonnage estimate. The process plant is being operated by Minopex under contract to Mothae Diamonds and operates at a 2.0mm bottom cut-off size for diamond recovery. Diamond recovery and characterization work is carried out by the Mothae Diamonds diamond sorting staff with recovery results being monitored and reported by Remote Exploration Services, also under contract to Mothae Diamonds.

The delineation drilling program which commenced in the fourth quarter of 2011 was completed during the quarter. A total of 31 holes were completed totalling 5,630 meters. Delineation drilling to define the internal geology of the Mothae pipe and to define the kimberlite volume to a depth of 320 meters comprised 26 core holes. In addition to these core holes, five holes were drilled for mining and civil geotechnical evaluation. Information from this drilling campaign is being interpreted to develop an updated geologic and resource model for the Mothae kimberlite.

Work on the preliminary economic assessment of the Mothae kimberlite during the quarter focused primarily on planning for detailed ore dressing studies (ODS) of the main kimberlite facies within the pipe. Core samples from the delineation drilling program have been collected and submitted for preliminary metallurgical analysis. In addition to this, approximately 15,000t of fresh, unweathered kimberlite from sample C11A have been stockpiled and will be processed through the Mothae plant early in the second quarter of 2012 to determine milling characteristics and diamond liberation requirements for this material.
SUMMARY OF QUARTERLY RESULTS ( unaudited )

<table>
<thead>
<tr>
<th>US$ millions (except per share amounts)</th>
<th>Three months ended March 31</th>
<th>US$ millions</th>
<th>As at</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration Expenditure</td>
<td>3.3</td>
<td>1.2</td>
<td>26.3</td>
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<tr>
<td>Net loss for the year</td>
<td>4.2</td>
<td>1.9</td>
<td></td>
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<tr>
<td>Basic and diluted loss per common share</td>
<td>0.01</td>
<td>0.01</td>
<td></td>
</tr>
</tbody>
</table>

Exploration Expenditure

Exploration expenditure was $3.3 million during the quarter reflecting costs at Mothae. This is $2.1 million higher than the prior year due to the work completed during the first quarter on the preliminary economic assessment and the delineation drilling program. This work will lead to a further understanding of the ore body and the development of an updated geologic and resource model for the Mothae kimberlite.

Net Loss

Net loss is $4.2m compared to net loss of $1.9m in 2011. This reflects the sale of diamonds at Mothae in March 2011 and the higher exploration expenditure in 2012 compared to the prior year.

Liquidity and Cash Resources

As at March 31, 2012, the Company had cash and cash equivalents of $26.3 million and a working capital deficit of $(1.7) million, as compared to cash and cash equivalents of $48.6 million and a working capital surplus of $29.0 million at December 31, 2011.

Cash used in operating activities for the three months ended March 31, 2012 was $4.0 million, and consists mainly of the net loss of $4.2 million adjusted for the impact of non-cash items and changes in non-cash working capital items.

Net cash from financing activities for the three months ended March 31, 2012 was $0.1 million, which resulted from the exercise of stock options.

Net cash used in investing activities for the three months ended March 31, 2012 was $19.9 million for expenditures primarily related to the development of the Karowe Mine. In conjunction with the development of the Karowe Mine, the Company has purchase commitments of $24.5 million.

In April 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 16, 2014, which may be extended if both parties agree. Up to $15 million is available immediately with the remaining $10 million available following delivery of security over the Company’s Karowe assets, which is expected during the second quarter of this year.

The facility contains financial and non-financial covenants customary for a facility of this size and nature. The applicable interest rate of any loan under the facility will be determined by the Company’s leverage ratio at any given time. The two year facility will be secured by the Company’s Karowe assets and guaranteed by its subsidiaries which hold the Karowe assets.

The Company intends to use the facility to fund ongoing operations primarily at the Karowe Mine in Botswana.
**FUTURE PLANS AND OUTLOOK**

**Karowe**

The Company expects ramp-up to full production capacity through the remainder of the second quarter. The Company expects the first sale of diamonds from Karowe to take place at its dedicated sales and marketing facilities in Gaborone in June 2012. There are five further sales planned for 2012.

**Mothae Diamonds**

The Company intends to continue with trial mining program and project evaluation through to the end of the third quarter of 2012. Resource modeling based on the recently completed drill program is ongoing and expected to be completed in the third quarter of 2012. Detailed ore dressing studies are underway and are also expected to be completed during this period. The results of the resource modelling and ore dressing studies will be integrated into the ongoing preliminary economic assessment of the Mothae project, which is expected to be completed in the fourth quarter of 2012. The Company expects ongoing diamond recoveries and periodic sales of Mothae’s diamonds during the trial mining phase.

**About Lucara**

*Lucara is a well positioned emerging new diamond producer. The Company has an experienced board and management team with years of diamond development expertise. The Company's two key assets are the Karowe diamond mine in Botswana and the Mothae diamond mine in Lesotho. The 100% owned Karowe Mine is in the commissioning stage with ramp-up to full production scheduled for the second quarter of 2012. The 75% owned Mothae mine is currently in the trial mining stage. Both Mothae and Karowe are large scale assets with tonnage and throughput upside; diamond values from both could significantly increase with the continued recovery of Type IIA and large stones.*

On Behalf of the Board,

William Lamb  
President and CEO

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

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