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NEWS RELEASE

LUCARA MOTHAE TRIAL MINING UPDATE

January 10, 2011 (LUC – TSXV) ... Lucara Diamond Corp. (“Lucara” or the “Company”) is pleased to announce continued excellent results from the trial mining program currently being carried out at the Mothae diamond mine in Lesotho. Recent highlights on the Mothae project include:

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- Completion of sample C8A, which produced 1,439.85 carats of diamonds (2mm bottom cutoff size) from 49,152 dry tonnes of kimberlite for a sample grade of 2.93 carats per hundred tonnes (cpht).*
- Recovery of a 48.54 carat high quality diamond from the initial processing of sample C9A (please see attached photo).

Lucara is conducting a trial mining program to mine and process up to 720,000 tonnes of kimberlite from the Mothae pipe to gather further data on diamond grade, size distribution and diamond value information following a previously completed successful 100,000 tonne bulk sample program. The bulk sampling and trial mining programs are in preparation for future commercial diamond production from the Mothae mine.

The mining and processing of sample C8A was completed in late December. Approximately 49,152 dry tonnes were processed resulting in the recovery of 1,439.85 carats of diamonds for a provisional sample grade estimate of 2.93 cpht.*

Included in the C8A diamond parcel is one diamond greater than 20 carats, 12 stones between 10 and 20 carats in weight, 23 stones between 5 and 10 carats in weight, and 62 stones between 2 and 5 carats in weight. The largest three stones recovered from sample C8A are 31.87 carats, 17.88 carats and 16.54 carats. The process plant is designed to recover diamonds greater than 2 mm in size.

This provisional trial mining sample grade estimate for C8A is consistent with ‘C’ domain sample grade results from the Company’s bulk sampling program completed in 2009. The previous bulk sampling program produced ‘C’ domain sample grades ranging from 1.52 cpht for ‘C’ domain kimberlite adjacent to the western margin of the Mothae pipe, to 4.10 cpht for ‘C’ domain kimberlite in the south central portion of the Mothae pipe.

As of the completion of sample C8A, the trial mining program at Mothae has produced 3,634.11 carats of diamonds from 136,231 dry tonnes of kimberlite for an overall sample grade of 2.67 cpht.*

Work on sample C9A commenced on December 30, 2010 and has produced a clear, high quality 48.54 carat diamond in the initial phase of processing for this sample. Mining and processing of sample C9A will continue through January and February of this year. For additional photos please see the Lucara website at www.lucaradiamond.com.

Mr. William Lamb, President and CEO, commented, "We continue to be pleased with diamond recoveries from Mothae. The 48.54 carat stone is the second largest diamond we have recovered from Mothae to date and demonstrates the capacity for Mothae to produce fine large diamonds. Sample C8A has produced a significant portion of large diamonds, particularly in the +5 carat sizes; an excellent outcome as

we work our way through this most important kimberlite phase of the Mothae pipe. These stones will make an important and exciting contribution to our initial diamond sale planned for March of this year.”

Mothae Diamonds (Pty) Ltd is jointly held by Lucara Diamond Corp. (75%) and the Government of the Kingdom of Lesotho (25%). One half of the interest held by the Government is free carried, and one half is paid through the Government's share of dividend.

Information contained in this news release has been reviewed and approved by Dr. Larry Ott, Lucara's V.P. Exploration, and a Qualified Person as that term is defined by NI 43-101.

**Recovery tailings will be audited for diamond recovery efficiency which may result in adjustment to the final sample grade. The sample tonnage and grade estimates are provisional and may be adjusted depending on results of planned audit work of x-ray recovery tailings and final tonnage reconciliation with survey volumes.*

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. Diamond recovery and characterization work is carried out independently by the diamond sorting staff of Remote Exploration Services, also under contract to Mothae Diamonds.

On Behalf of the Board,

William Lamb
President and CEO

This document contains statements about expected or anticipated future events and financial results of Lucara that are forward-looking in nature and are based on Lucara's current expectations, estimates and projections. This forward-looking information is subject to certain risks and uncertainties, such as legal and political risk, civil unrest, general economic, market and business conditions, the regulatory process and actions, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. The actual results, activities, performance or achievements of Lucara may differ materially from those projected by management. A discussion of factors that may affect Lucara's actual results, performance, achievements or financial position is contained in the filings by Lucara with the Canadian provincial securities regulatory authorities on the system for electronic document analysis and retrieval ("SEDAR") at www.sedar.com.

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48.54 ct



Mothae Diamond Project

48.54 ct

