



Lucara Diamond Corp.

885 W. Georgia Street, Suite 2000 | Vancouver, BC, Canada V6C 3E8
Tel: 604 689 7842 | Fax: 604 689 4250
lucara@namdo.com | lucaradiamond.com

NEWS RELEASE

LUCARA DIAMOND THIRD QUARTER 2011 RESULTS

November 14, 2011 (LUC – TSX, LUC – BSE) ... Lucara Diamond Corp. (“Lucara” or the “Company”) is pleased to announce its third quarter 2011 results.

HIGHLIGHTS

Corporate

- Completed a US\$50 million debenture financing in early July 2011.
- Lucara commenced trading on the Toronto Stock Exchange in August 2011 and the Botswana Stock Exchange in July 2011.

AK6 Diamond Project - Botswana

- Construction advanced from 55% complete at the end of Q2 to 84% complete at the end of Q3. This is as per the August re-baselined schedule, which reflects the impact of the steel industry strike in July.
- The project is trending within the initial capital budget, and expenditure to the end of Q3 is 46% of budget with a total of 83% of the approved capital budget being committed.
- During the quarter, engineering, procurement and fabrication were essentially completed in support of construction activities and the focus of the EPCM contractors and Boteti is fully on the AK6 project site activities.
- The overhead power line from the Orapa sub-station to site has been completed. The AK6 substation is expected to be commissioned before the end of November, and the permanent tie into the Botswana electricity grid completed during Q4.
- In Gaborone the diamond sorting, sales and marketing offices have been completed and senior diamond sorting personnel have been recruited. The stock control software platform has been selected and operational procedures are being developed.

Mothae Diamond Project - Lesotho

- Sample F2A yielded 2 stones larger than 20 carats, 10 stones between 10 and 20 carats, 19 stones between 5 and 10 carats, and 95 stones between 2 and 5 carats. The three largest diamonds recovered were 29.94, 22.86, and 19.21 carats.
- Sample G2B yielded 2 stones larger than 20 carats, 2 stones between 10 and 20 carats, 9 stones between 5 and 10 carats, and 48 stones between 2 and five carats. The largest 3 diamonds were 28.91, 25.09 and 12.00 carats.
- A primary crushing unit was delivered to site in early September and has been fully commissioned. A larger capacity secondary crusher will be installed in Q4. Both units are required to efficiently process harder kimberlite and basalt xenoliths. A drilling contract was awarded to Remote Drilling Services to conduct a 5,400m delineation drilling program.
- During October, a contract was awarded to ADP Project, to conduct a pre-feasibility level study in support of preliminary economic assessment on Mothae. The objective of this study will be to gain an increased understanding of the economic potential of the Mothae project through greater definition of the capital and operating costs required for the development of a mine at Mothae.

Financial Results

| | Three months ended | | Nine months ended | |
|---|---------------------------|----------------|--------------------------|-----------------|
| | September 30, | | September 30, | |
| | 2011 | 2010 | 2011 | 2010 |
| Exploration expenditures | \$ 3,116,383 | \$ 2,508,938 | \$ 7,183,084 | \$ 8,890,330 |
| Adminstration | \$ 1,304,914 | \$ 815,463 | \$ 5,927,640 | \$ 2,634,022 |
| Net loss for the period | \$ 5,453,107 | \$ 3,143,966 | \$ 13,235,518 | \$ 10,809,413 |
| Basic and diluted loss per share | \$ 0.01 | \$ 0.01 | \$ 0.04 | \$ 0.05 |
| Cash flow used in operating activities | \$ (9,276,324) | \$ (4,355,691) | \$ (16,490,707) | \$ (10,207,457) |
| Cash flow from financing activities | \$ 50,346,682 | \$ 140,647 | \$ 108,776,148 | \$ 3,393,312 |
| Cash flow from/(used in) investing activities | \$ (24,481,839) | \$ (2,179,215) | \$ (52,894,680) | \$ 1,710,506 |
| Cash | \$ 70,740,859 | \$ 44,405,021 | \$ 70,740,859 | \$ 44,405,021 |
| Working Capital | \$ 64,318,778 | \$ 44,701,982 | \$ 64,318,778 | \$ 44,701,982 |
| Long Term Debt | \$ 37,945,603 | \$ - | \$ 37,945,603 | \$ - |
| Shares Outstanding, end of period | 372,099,049 | 222,061,658 | 372,099,049 | 222,061,658 |

Exploration Expenditures

The current exploration expenditures relate primarily to the on-going trial mining program, which commenced in May 2010 at the Mothae diamond project, offset in part by the value of the diamonds recovered [and sold], based on management's best estimate at the time of recovery. The difference between the carrying value and the subsequent proceeds from the sale of diamonds is treated as a gain or loss as it is a change in market conditions during the period. Included in the exploration

expenditures for the first half of 2010 is the cost to complete the definitive feasibility study of \$2.7 million for the Boteti AK6 project. Based on the results of the study, the project was determined to be commercially feasible in July 2010, and pursuant to the Company's accounting policy for mineral properties, expenditure incurred thereafter have been capitalized.

Administration Expenses

The increase in administration expenses for the three months ended September 2011 compared to the prior year is due primarily to costs associated with the Company's listings on the TSX and Botswana stock exchanges and additional salaries.

Net Loss

Net loss for the quarter ended September 30, 2011 was \$5.5 million reflecting the test mining program at the Mothae project.

The net loss for the nine months ended September 30, 2011 was \$13.2 million. This reflects the exploration and depreciation costs at Mothae, net of the first diamond sales of 9,381 carats for \$7.5 million (after payment of royalties and selling costs). The sale included the rough diamond inventory that was held at year end, which was valued using the Company's best estimate of the lower of cost and net realizable value. The Company has recorded a gain on the sale of this inventory in the amount of \$2.3 million from net proceeds of \$6.1 million in "Other income". The remaining proceeds from the sale have been netted against exploration expenditures for the current quarter.

Liquidity and Capital Resources

At September 30, 2011, the Company had cash and cash equivalents of \$70.7 million and working capital of \$64.3 million, as compared to cash of \$32.9 million and working capital of \$27.3 million at December 31, 2010.

Cash used in operating activities for the nine months to 2011 was \$16.5 million, and consists mainly of the net loss of \$13.2 million adjusted for the impact of non-cash items, including depletion, depreciation and amortization of \$2.0 million, and changes in non-cash working capital items.

Net cash from financing activities for the nine months of 2011 was \$108.8 million, resulting from a private placement completed in February 2011, and the completion of a \$50 million debenture financing in July 2011.

Net cash used in investing activities for the nine months of 2011 was \$52.9 million for expenditures primarily related to the development of the Boteti AK6 mine. In conjunction with the development of the AK6 mine, the Company has purchase commitments of \$40 million and estimated remaining capital expenditures of approximately \$20 million.

The Company's existing funds as of September 30, 2011, and the expected proceeds from the sale of diamonds may not be sufficient to finance the anticipated expenditures of between US\$120-130 million for the full development and construction of the AK6 mine, working capital requirements prior to the first anticipated diamond sale at AK6, the ongoing test mining program on the Mothae

Project and general corporate expenses over the next twelve months. Certain of these expenditures are discretionary and will be dependent on the Company having an additional \$15-\$20 million available in early 2012. There is no assurance that such financing will be available to the Company at the time and in the amount required or, if available, that it can be obtained on terms satisfactory to the Company.

FUTURE PLANS AND OUTLOOK

Boteti AK6 Project, Botswana

The Company intends to continue with the construction of the AK6 Phase 1 production facility, which includes a process plant and support facilities designed for an initial throughput of an estimated 2.5 million tonnes per year. Commissioning is intended to commence in Q1 of 2012, with full ramp up expected to be reached during the first half of 2012.

Based on current projections, the Company expects to conduct the first sale of diamonds from AK6 in the second quarter of 2012.

Mothae Project, Lesotho

The Company intends to continue with the test mining program of up to 720,000 tonnes and project evaluation through to the end of the third quarter of 2012.

The Company expects ongoing diamond recoveries and periodic sales of Mothae's diamonds during the trial mining phase. The Company plans to sell the second parcel of diamonds recovered from the trial mining program in December 2011.

A core drilling contract was awarded to Remote Drilling Services to conduct a 5,400m delineation drilling program. The objectives of the program are to define the internal geology of the Mothae kimberlite, as well as to extend the currently defined kimberlite volume from a depth of 200m to 320m, to collect suitable sample material for ore dressing studies, and to collect core for geotechnical evaluation.

During October, a contract was awarded to ADP Project to conduct a pre-feasibility level study in support of a preliminary economic assessment at Mothae. The objective of this study will be to gain an increased understanding of the economic potential of the Mothae project through greater definition of the capital and operating costs required for the development of a mine at Mothae.

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 AK6 diamond mine in Botswana and the Mothae diamond mine in Lesotho. The 100% owned AK6 project is in the construction stage with mine commissioning scheduled to commence in the first quarter 2012. The 75% owned Mothae mine is currently in the trial mining stage. Both Mothae and AK6 are world class assets with tonnage and throughput upside; diamond values from both could significantly increase with the continued recovery of Type IIA and large stones.

Forward Looking Statements: 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.

On Behalf of the Board,

William Lamb
President and CEO

For further information, please contact:

Sophia Shane, Corporate Development
+1 (604) 689-7842
Robert Eriksson, Investor Relations, Sweden
+46 701-112615

Lucara's Certified Advisor on NASDAQ OMX First North is E. Öhman J:or Fondkommission AB (Pareto Ohman), part of the Pareto Securities Group.