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NEWS RELEASE

LUCARA 2011 YEAR END HIGHLIGHTS

March 22, 2012 (LUC – TSX, LUC – BSE, LUC – NASDAQ OMX First North) ... Lucara Diamond Corp. (“Lucara” or the “Company”) is pleased to report on an outstanding year of achievement for the Company.

Highlights include:

- The start of commissioning of the new Karowe diamond mine in Botswana. Acquiring a valuable resource, and financing and building a new state-of-the-art mine within only 18 months of positive feasibility study is a remarkable achievement, and a testament to our top class development and operations team.
- Total ore mined at Karowe forecast for 2012 is 1.9 million tonnes and expected to achieve an annualized rate of 2.5 million tonnes per year in Q3, 2012.
- Diamond sales forecast at 300,000 carats in 2012 achieving an annualized 400,000 carats per year. First diamond sale expected during the second quarter of 2012.
- Operating costs of \$20 per tonne anticipated to be achieved by Q4 2012.
- Karowe is an important new mine in the diamond industry. Modelled diamond valuations increased by 24% to \$301 per carat (at a 1.5mm cut off size) in a new independent report completed in November, 2011. The independent valuation was completed by Mercury Diamond with the associated revenue modeling completed by The MSA Group in reports dated November, 2011.
- Construction capital for the new Karowe mine is trending within the forecast budget of \$120 million. Construction financing and general working capital for the Company was raised through a combination of equity and debt which includes the recently announced \$25 million revolving credit facility with the Bank of Nova Scotia.
- At Mothae, the Company's other diamond project, located in Lesotho, trial mining to date has met or exceeded expectations. The trial mining program involves the processing of 720,000 tonnes of kimberlite in order to establish operational and economic data for possible future mine development. As of December 31, 2011, over 405,000 tonnes of kimberlite have been processed, yielding in excess of 13,220 carats (2mm cut-off).
- Many of the stones recovered at Mothae have been large, high quality diamonds including several Type IIa's. Recent examples were a 28.89 carat diamond which sold at auction for \$1.6 million (\$57,113/ct), a 56.51 carat diamond which sold for \$2.1 million (\$37,019/ct), and a 19.20 carat diamond which sold for \$490,000 (\$25,520/ct). These prices signify the exceptional quality and size of the stones that are regularly recovered from Mothae.
- The Company completed two sales of Mothae diamonds during the year, earning gross proceeds of \$14.6 million (average \$881/carats). These excellent results triggered the commissioning of a

preliminary economic assessment, which is currently underway, and is expected to be completed in Q4, 2012. Mining, processing and infrastructure costs will be defined to a pre-feasibility level as part of the study.

- During the year, the Company graduated to the Toronto Stock Exchange from the TSX Venture Exchange, reflecting the Company's growth and status as near-term diamond producer. In addition, the Company listed on the NASDAQ OMX exchange in Stockholm and the Botswana Exchange reflecting the strong international interest in the Company.

William Lamb, President and CEO of the Company, commented, "We've had an excellent, solid year of achievements as we prepared for the transition of Lucara from a development company to a new diamond producer. The delivery of the Karowe Mine in 2012 is testament to management's ability to deliver a world class diamond mine on budget. We're proud of what we've accomplished and look forward to an exciting new chapter ahead as we enter the exclusive world of diamond production."

BUSINESS REVIEW

Karowe Mine – Botswana

In 2011, activities across engineering, procurement, construction and the development of the operations team advanced the project significantly. By year end, engineering, procurement and fabrication activities were essentially complete and project construction was standing at over 90% complete. Delays to the project schedule as a result of the steel industry industrial action in July, 2011 impacted the overall project schedule with the result that commissioning is expected to be completed early in the second quarter of 2012.

As at December 2011, the project had achieved 1,000,000 hours without a lost time injury (LTI) and no environmental incidents have been recorded. As at the end of February 2012, the project had achieved more than 1,500,000 hours without a lost time injury.

Environmental and community relations activities as detailed in the Environmental Management Plan were well executed throughout the year. A competition to rename the mine as it transitions into production was well supported by the local communities and schools and Karowe (meaning "precious stone" in the local dialect) was selected. Several community projects, including village clean-up campaigns and health and wellness initiatives, in conjunction with the community members were completed. Archaeological monitoring of all construction areas continued throughout the year and no artefacts were discovered on site or at the Boteti housing sites in Letlhakane.

The 25km, 33kVA power-line from the Orapa sub-station and the Karowe Mine site sub-station were completed during the last quarter of 2011 and handed over to BPC. The mine has switched to grid power to support commissioning activities and the ramp-up to full production.

The mine operations contract with Kalcon (Pty) Ltd ("Kalcon") was concluded mid-year and the contractor mobilized to site in October. The initial mine development has gone according to plan, ore boundaries match the resource model and initial ore benches have been established. At December 31, 2011, an ore stockpile of 230,000 tonnes had been established to support commissioning activities with 552,000 tonnes of waste having been removed and stockpiled.

The process plant operations and maintenance contract was also concluded, and the Company's contractor, Minerals Operations Executive (Pty) Ltd ("Minopex") are site established. Minopex are

working with the operations staff on process stores and operational procedures and are also fully integrated with the process plant commissioning team.

The operations senior management, technical and support staff were successfully recruited as required to support project advancement throughout the year.

In Gaborone, the sales and marketing offices were completed and the senior staff recruited. The installation of the security systems and the stock control systems commenced in the fourth quarter.

Mothae Project – Lesotho

Mothae processed 31,488 dry tonnes (36,430 wet tonnes) of kimberlite in the fourth quarter of 2011 recovering 796.97 carats of diamond. In 2011, Mothae processed 208,293 dry tonnes (244,532 wet tonnes) of kimberlite recovering 12,157.35 carats of diamond. For the trial mining program which commenced in June 2010, a total of 467,071 wet tonnes (399,408 dry tonnes) of kimberlite have been processed as of March 11, 2012 resulting in recovery of 31,771 diamonds weighing a total of 14,672.57 carats (Table 1).

Table 1. Mothae Trial Mining Results as of March 11, 2012

Sample	Stones	Carats	Cts/Stone	Dry Tonnes	Grade (cpht)*
F1D	111	77.65	0.70	1,592	4.88
C4A	1,458	759.23	0.52	29,649	2.56
C5A	3,133	1,120.07	0.36	48,542	2.31
C6A	529	260.50	0.49	7,296	3.57
C8A	3,522	1,442.13	0.41	49,152	2.93
C9A	3,841	1,940.71	0.51	40,370	4.81
G2A	4,256	1,909.78	0.45	33,691	5.67
F2A	4,083	1,979.66	0.48	50,181	3.95
G2B	3,022	1,286.89	0.43	22,689	5.67
G3A	3,722	1,654.70	0.44	29,874	5.54
C7A	875	403.20	0.46	18,425	2.19
C6B	572	348.02	0.61	9,592	3.63
E2A	631	329.06	0.52	15,720	2.09
C11A	2,016	1,160.87	0.58	42,634	2.72
Total	31,771	14,772.57	0.46	399,408	3.67

*all samples processed using a bottom cut off size of 2mm.

As of March 11, 2012, the trial mining program at Mothae has produced 14 diamonds greater than 20 carats, and 54 diamonds between 10 and 20 carats. The three largest stones produced to date are 56.62, 53.53 and 53.24 carats.

Plant throughput was reduced in the fourth quarter of 2011 as a result of a shutdown in November to complete upgrades to the plant crushing and diamond recovery circuits. These included integration of a new secondary crushing circuit required to handle harder kimberlite material as mining operations move deeper into less weathered, fresher kimberlite and interlocking of a Bourevestnik high intensity diamond recovery unit into the main plant circuit. In December, the plant operated at a reduced throughput as part of the commissioning of these upgrades.

Samples G3A, C7A and C6B were completed in the fourth quarter with overall results shown in Table 1. A small tonnage of sample E2A was also processed as part of the commissioning of plant upgrades.

No grease table audits of x-ray recovery tailings were conducted during the quarter and diamond grades reported above are subject to change pending audit results.

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 and operates at a 2mm bottom cut off size for diamond recovery. Diamond recovery and characterization work is carried out by the Mothae diamond sorting staff with recovery results being monitored and reported by Remote Exploration Services, also under contract to Mothae.

In August 2011, Mothae acquired a Bourevestnik X-ray (high powered X-ray) diamond recovery machine in an effort to improve recovery of low luminescent, potentially high value Type IIa diamonds. The Bourevestnik unit was initially tested and commissioned in an audit capacity to audit recovery tailings from the Flowsort and VE x-ray diamond recovery units in the main plant circuit. In the fourth quarter of 2011, the Bourevestnik unit was interlocked into the main plant circuit as the primary large diamond recovery facility, bypassing the Flowsort unit, which has been taken offline.

During the year, a primary crushing unit and a secondary crushing unit were installed and commissioned. Both units are required to efficiently process harder kimberlite and basalt xenoliths and in particular, to process unweathered kimberlite samples that are planned in 2012.

A drilling contract was awarded to Remote Drilling Services ("RDS") 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. As of March 11, 2012, RDS had completed 20 of the planned 28 holes for a total of 3,838 meters.

During October 2011, a contract was awarded to ADP Projects (Pty) Ltd ("ADP") to complete a preliminary economic assessment of the Mothae kimberlite. 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.

Two diamond sales were completed during the year. The first took place in March 2011 which sold a total of 9,379 carats for gross proceeds of \$8.2 million (average of \$871 per carat). The second took place in December 2011 which sold a total of 7,190 carats for gross proceeds of \$6.4 million (average of \$893 per carat).

During the third quarter of 2011, Mothae completed an Environmental Impact Assessment (EIA) of the Mothae project based on a conceptual mining study completed by the Company in 2009. The EIA has been submitted to and approved by the Lesotho Department of Environment.

FINANCIAL REVIEW

Summary financial results for the year ended 31 December 2011

US\$ millions (except per share amounts)	Year Ended December 2011	Year ended December 2010
Diamond sold - gross proceeds	14.6	-
Net loss for the year	(18.7)	(15.6)
Basic and diluted loss per common share	0.05	0.06
Net cash position at December 31	48.6	32.9
Total assets	241.3	145.5

Diamonds Sold and Net Loss during the period

The net loss for the year ended December 31, 2011 was \$18.7 million. This reflects the exploration and depreciation costs at Mothae, net of two diamond sales of 16,571 carats for gross proceeds of \$14.6 million. The sales included the rough diamond inventory that was held at December 31, 2010, 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. The remaining proceeds from the sales have been netted against exploration expenditures.

Liquidity and Cash Resources

As at December 31, 2011, the Company had cash and cash equivalents of \$48.6 million and working capital of \$29.0 million, as compared to cash and cash equivalents of \$32.9 million and working capital of \$31.2 million at December 31, 2010.

Cash used in operating activities for the year ended December 31, 2011 was \$11.7 million, and consists mainly of the net loss of \$18.7 million adjusted for the impact of non-cash items including depreciation expense of \$2.6 million, and changes in non-cash working capital items.

Net cash from financing activities for the year ended December 31, 2011 was \$107.4 million, results 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 year ended December 31, 2011 was \$77.2 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 \$11.5 million and estimated remaining capital expenditures of approximately \$35 million.

In February 2012 the Company received a commitment letter from the Bank of Nova Scotia for a \$25 million revolving term credit facility. Upon closing of the facility, the Company intends to use the facility to fund ongoing operations primarily at the Karowe Mine in Botswana. The availability of the facility is subject

to the completion of final documentation and customary conditions precedent. The two year facility will be secured by the assets of the Company and certain of its subsidiaries. Up to \$15 million may be advanced prior to the delivery of security over the Company's Karowe assets.

Future Plans and Outlook

Karowe Mine

The Company is expected to complete construction of the Karowe 2.5mtpa production facility in the first quarter of 2012. Commissioning, which started in January 2012, will continue through the first quarter of 2012 with production scheduled to commence early in the second quarter. Ramp up to full production will continue through the remaining of the second quarter of 2012.

The Company expects to conduct the first sale of diamonds from Karowe at its dedicated sales and marketing facilities in Gaborone in the second quarter of 2012.

Mothae Project

The Company intends to continue with trial mining program and project evaluation through to the end of the third quarter of 2012. In the first half of 2012, efforts will focus on mining and processing of 30,000 to 50,000 tonnes of fresh unweathered kimberlite to determine the diamond recovery characteristics of this material which makes up the bulk of Mothae's resource potential.

The completion of the 5,400m delineation drilling program by RDS is anticipated in the second quarter of 2012 with subsequent geological modelling being carried out in the third quarter. In addition, by the third quarter of 2012, the Company expects the completion of studies by ADP which include geologic and resource modelling of the Mothae kimberlite with associated mine design, detailed ore dressing studies to support process plant design, and detailed costing of the required support infrastructure. A preliminary economic assessment would then 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 Mine in Botswana and the Mothae Project in Lesotho. The 100% owned Karowe Mine is in the final construction stage with mine commissioning commenced in the first quarter of 2012. The 75% owned Mothae Project 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.

Qualified Person

Mr. Anthony George, P. Eng., a mining engineer and Lucara's V.P. Development, is the Company's Qualified Person pursuant to NI 43-101 and has reviewed the technical contents of this news release.

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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