



Lucara Diamond Corp.

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NEWS RELEASE

KAROWE MINE UPDATE

July 16, 2012 (LUC – TSX, LUC – BSE, LUC – NASDAQ OMX First North) ... Lucara Diamond Corp. (“Lucara” or the “Company”) is pleased to provide an update on the ramp-up at the Karowe mine and the results of the sale of 36,353 carats of Karowe diamonds from its second diamond auction.

Karowe Update

Production ramp-up is making excellent progress. To date more than 310,000 tonnes have been processed yielding in excess of 87,000 carats. The optimisation of the mine dewatering system is nearing completion, which will further improve plant throughput for the remainder of 2012.

The final capital expenditure for the development of the Karowe mine is complete and has come in below the original approved budget of \$120 million. The mine site has fully transitioned to operations personnel and the excellent safety standards developed during construction have been maintained.

Diamond Sale

On July 16, 2012, a total of 35 individual lots containing 36,842 carats of diamond were put up for sale, of which 32 lots were sold for gross total proceeds of \$US 6.5 million. As expected the bidding for high-color, high-quality diamonds was particularly soft and three lots of these goods were withdrawn from the sale. Notwithstanding the soft markets, the Company is very pleased with the reception our diamonds are receiving. In less than four months since our first ore run, our diamonds have brought in revenues of over \$12 million to the Company.

The next sale of Karowe diamonds will take place during the first half of September with viewing of the diamonds being conducted in both Gaborone and Antwerp.

William Lamb, President and CEO, commented, “The team on site at Karowe is doing an excellent job of moving Karowe production forward. The milestones achieved in the past 4 months far exceed most other new mine ramp up profiles. All involved in achieving this should be commended.” Mr. Lamb further commented, “In these challenging market conditions, Lucara is fortunate to be in a strong financial position, having not drawn down from its \$25 million revolving credit facility. This gives us the option to retain goods which we feel have not achieved an acceptable market price. Like many other diamond companies, we anticipate an improvement in the diamond market in the latter part of the year. The viewing of the diamonds in Antwerp will allow Lucara to take advantage of this expected strengthening of rough diamond pricing.”

About Lucara

Lucara is a well positioned emerging new diamond producer. The Company has an experienced board and management team with extensive diamond development and operations 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 production. The 75% owned Mothae Project is currently in the trial mining stage.

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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Forward Looking Statements

This Press Release contains "forward-looking information" that is based on Lucara's expectations, estimates and projections as of the dates as of which those statements were made. This forward-looking information includes, among other things, statements with respect to the use of the proceeds of the credit facility. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as "outlook", "anticipate", "project", "target", "believe", "estimate", "expect", "intend", "should", "scheduled", "will", "plan", "would" and similar expressions. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause Lucara's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information and is developed based on assumptions about such risks, uncertainties and other factors. 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, including Lucara's 2011 annual information form filed on SEDAR on March 22, 2012.

Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to the continued general market conditions, development of the AK6 project, no material adverse change in the market price of commodities and that the costs of development and operation of the AK6 project will be line with management's expectations. Although Lucara attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated,

estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements. Lucara disclaims any intent or obligations to update or revise publicly any forward-looking statements whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law.