



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

KAROWE PROGRESS UPDATE

May 7, 2012 (LUC – TSX, LUC – BSE, LUC – NASDAQ OMX First North) ... Lucara Diamond Corp. (“Lucara” or the “Company”) is pleased to provide a progress report on its 100% owned Karowe Mine in Botswana.

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 should be operating, as scheduled, at the full design capacity of 350 tonnes per hour.

Greater than 10,000 carats of diamonds were recovered from 28,000 tonnes of ore processed during April. As previously reported the grade in the upper benches of the North Lobe exceeds 32cpht. The ore mined during April had a resource grade of 34cpht, and the recovered diamonds have confirmed this. The mine production plan for the remainder of 2012 includes ore from the North and Centre Lobes and will deliver an average ore grade of approximately 20cpht.

On May 3, 2012, the Company held an official Karowe diamond launch in Gaborone and was pleased to host at the event the Hon. Dr. P. H. K Kedikelwe, Minister of Minerals, Energy and Water resources, key government officials, Botswana industry leaders and diamondtaires from Botswana who will participate in the sale of Karowe diamonds. The event was well attended which is a good indication of the interest in a new sustainable source of rough diamond from Botswana, the world leader in diamond production. Viewing for the first sale of Karowe diamonds will be held in Gaborone during the first week of June. An on-line auction will then take place on June 11, 2012. It is expected that up to 40,000 carats will be available at this sale.

William Lamb, President and CEO, commented, “Excellent progress continues to be made at Karowe. The attendance at the diamond launch in Gaborone was evidence of a strong diamond market and a keen interest in the quality goods which Karowe will be producing. Our focus will remain on the ramp-up activities which will culminate in sustainable operations at design capacity by the end of the quarter and the first cashflow from Karowe.”

Updated pictures from the Karowe mine site and of the diamonds which will be presented for sale can be found on the company’s website : www.lucaradiamond.com

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 production ramp-up stage with full scale production expected to be achieved by the end of the second quarter of 2012. 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.

For further information, please contact:

Sophia Shane, Corporate Development +1 (604) 689-7842

Robert Eriksson, Investor Relations, Sweden +46 701-112615

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 Karowe Mine, no material adverse change in the market price of commodities and that the costs of development and

operation of the Karowe Mine will be in 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.