

Lucara's AK6 Diamond Mine on Track for Commissioning by Year End

VANCOUVER, BRITISH COLUMBIA--(Marketwire - Jan. 17, 2011) - Lucara Diamond Corp. ("Lucara" or the "Company") (TSX VENTURE:LUC) is pleased to provide an update on the development of its wholly owned AK6 diamond development project in Botswana. Commissioning of the AK6 mine will commence by year end and will ramp up to full production in early 2012. The mine is expected to deliver 400,000 carats of high quality diamonds in its first year of operation.

Project execution is on target and on budget with commissioning scheduled to start in the fourth quarter of 2011. The earthworks contractor has re-mobilized to site after the holiday break and activities are ramping up in support of the civils program which is scheduled to commence by the end of January. Off-site, the mine access road upgrade is progressing well. The bulk power-line contract is out to tender and the contract is scheduled to be awarded in March such that grid power will be available in July in time for early commissioning tasks. Recruitment of key operational staff is underway; negotiations are being completed with the mining operations contractor; and requests for tender for the plant operations contract will be issued mid-January.

Engineering, at 40% complete, continues to progress in support of the major contract awards and the construction schedule. By year end 2010 all major equipment orders had been placed and the procurement progress was 55% complete. Proposals for the last major package, the structural mechanical and platework (SMP) contract, will be received, and adjudication commenced, in January.

In support of the Company Safety, Health, Environment policies and Corporate Social Responsibility charter the site contractor has demonstrated a high level of commitment.

William Lamb, President and CEO, commented, "The fact that the AK6 project will be in production by year end is an exciting development in the evolution of Lucara as a mid-tier producer of high quality diamonds. This year will be a challenging but rewarding one for all involved with the AK6 project."

The technical contents of this release have been reviewed and verified by Mr. Anthony George, P. Eng., a mining engineer and Lucara's V.P. Development, who is a Qualified Person pursuant to NI 43-101.

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 development project in Botswana and the Mothae diamond development project in Lesotho. The 100% owned AK6 project is in the advanced development stage with mine commissioning scheduled to commence in the fourth quarter of 2011. The 75% owned Mothae project 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.

On Behalf of the Board,

William Lamb, President and CEO

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.

<https://lucaradiamond.mediaroom.com/index.php?s=2429&item=122686>