

## **Lucara to Acquire 100% of AK6 Diamond Project in Botswana**

VANCOUVER, BRITISH COLUMBIA--(Marketwire - Oct. 4, 2010) - Lucara Diamond Corp. ("Lucara" or the "Company") (TSX VENTURE:LUC) and African Diamonds Plc ("AFD") are pleased to announce that they have entered into an agreement pursuant to which Lucara proposes to acquire all of the issued and outstanding shares of AFD on the basis of 0.80 of a common share of Lucara for each AFD common share by way of an English court-approved Scheme of Arrangement (the "Acquisition").

AFD is a publicly traded company listed on the AIM market of the London Stock Exchange. Based on Lucara's closing price on October 1, 2010 of Cdn \$0.90 per share, the Acquisition equates to £0.446 per AFD share, representing a 12.7% premium based on the volume weighted average price of AFD shares over the previous 20 business days. AFD currently has approximately 100.457 million shares issued and outstanding, giving the transaction a total value of £44.8 million, or approximately Cdn \$72.3 million. Upon completion of the Acquisition, AFD shareholders will own approximately 26.57% of the outstanding common shares of Lucara.

Lucara and AFD are 60:40 indirect owners of the AK6 project, an advanced, high-value diamond development project located in the Orapa/Letlhakane kimberlite district of Botswana. Upon completion of the Acquisition, ownership of the AK6 project will be consolidated and Lucara will hold an undivided 100% interest in the AK6 project. In connection with Acquisition, all of AFD's assets other than its interest in the AK6 project, will be transferred into a newly formed company ("NewCo") which will be owned by the former AFD shareholders.

Upon completion of the Acquisition, Lucara shareholders will benefit from the efficiencies created by the unitization of the AK6 project. In addition, former AFD shareholders will gain exposure to Lucara's 75% owned Mothae diamond project in Lesotho.

"This acquisition consolidates ownership of our AK6 project and creates a premier diamond developer in Africa," says William Lamb, Lucara's President and Chief Executive Officer. "AK6 and Mothae are two exciting new diamond projects coming on stream. We believe strong fundamentals underlie the diamond price going forward and AK6 and Mothae are among the very few projects with production on the near term horizon."

### **Transaction Details**

The Acquisition will be carried out by way of an English court-approved Scheme of Arrangement under which AFD shareholders will receive 0.8 of a Lucara share and 1 share in NewCo for each AFD share.

NewCo, to be listed on the AIM Market of the London Stock Exchange, will own all of AFD's exploration assets outside of its interest in the AK6 project and Gondwana Diamonds (Pty) Ltd. The Acquisition will require the approval of at least 75% of AFD's shareholders by value of shares held present and voting at a general meeting and the approval of a majority in number representing 75% in value of the class of members present and voting at a meeting convened by the High Court of England and Wales, both of which are expected to take place before the end of 2010. The transaction also requires the sanction of the English courts and is subject to applicable regulatory approvals, including approval of the TSX Venture Exchange, AIM, and the satisfaction of certain closing conditions customary in transactions of this nature.

Also, in accordance with the terms of AFD's stock option plan, Lucara will make a contractual offer to each of AFD's optionholders to acquire their options to subscribe for shares in AFD. In return, Lucara will issue options to the optionholders to subscribe for the appropriate number of shares in Lucara based on the exchange ratio for the Acquisition.

The Acquisition has been unanimously approved by the boards of Lucara and AFD. All directors and senior officers of AFD have entered into voting agreements with Lucara under which they agree to vote in favour of the Acquisition and take other action in support of the Acquisition. Two major shareholders (Investec and JP Morgan Chase) have entered into irrevocable undertakings to vote in favour of the transaction. Subject to Lucara's right to match, the board of AFD may terminate the Acquisition in favour of an unsolicited superior proposal upon payment of a US\$1 million break fee to Lucara.

### **About Lucara Diamond Corp.**

Lucara is a well positioned emerging new diamond producer. The Company has an experienced board and management team with years of diamond development expertise and will embark on the rapid development of the AK6 project in Botswana. Its Mothae diamond project in Lesotho is currently in the trial mining stage to validate Mothae's resource potential. 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.

## Advisors

Lucara's financial adviser is Haywood Securities Inc. Its legal counsel is Blake, Cassels & Graydon LLP and SNR Denton UK LLP.

AFD's financial adviser is finnCap Ltd. Its legal counsel is McEvoy Partners.

On Behalf of the Board,

William Lamb, President & CEO

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 results of production at the AK6 and Mothae diamond projects, timing of the development of the AK6 project, and the implementation of the Acquisition and the transactions contemplated thereby. 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 2009 annual MD&A filed on SEDAR on April 27, 2010.

Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to the continued 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.

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