

Lucara Enters Into Finance Facility

VANCOUVER, BRITISH COLUMBIA--(Marketwire - July 7, 2011) - Lucara Diamond Corp. (TSX VENTURE:LUC) ("Lucara" or the "Company") is pleased to announce that it has secured a US\$50 million debenture to fund the development of the Company's projects.

The facility has a maturity date of December 31, 2013 and requires quarterly repayments of principal commencing September 30, 2012. No interest is payable during the term of the facility. Interest at a rate of 5% per annum will accrue if the facility is not repaid by the maturity date or there is an event of default. The facility is secured by a pledge by the Company of the shares of its subsidiary which holds the AK6 Mine. The facility will be issued by Zebra Holdings And Investments S.à.r.l. ("Zebra") and Lorito Holdings S.à.r.l., (Lorito"), each an investment company owned by a trust settled by the late Adolf H. Lundin and each an insider of the Company.

The terms of the debenture also include the Company issuing an aggregate of 9,000,000 Common Shares to Zebra and Lorito as consideration for the facility, in lieu of interest and fees, subject to approval of the TSX Venture Exchange.

Management has, over the past several months, been working with a financial institution to arrange a project level facility. In reviewing the Company's financing options, it was concluded that the debenture provided the highest value to shareholders. The debenture provides certainty of funds, greater flexibility and reduced financial risk for the Company, as it continues to rapidly develop and construct the AK6 Mine in Botswana with ongoing trial mining, in Lesotho, at Mothae.

William Lamb, Lucara's CEO and President commented, "The closing of the \$50 million debenture demonstrates the robustness of the AK6 project. The funds are the final piece in the puzzle allowing Lucara to fully finance the construction of AK6 and allow the Company to take advantage of an ever improving rough diamond market."

On Behalf of the Board,

William Lamb
President and CEO

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

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.

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