



## Lucara Diamond Corp.

(Continued into British Columbia, Canada on August 12, 2004  
under incorporation number C0701784)

### **Prelisting statement for dual listing on the Botswana Stock Exchange**

Regarding the listing of 302,494,050 ordinary shares of a single class of Lucara Diamond Corp. (“Lucara” or “the Company”) on the Foreign Venture Capital Board of the Botswana Stock Exchange.

**Any investment in the company’s securities should be considered speculative.**

#### **Listing Date:**

This document is not a prospectus and is not an invitation to subscribe for shares in Lucara. It is published for information purposes only and in pursuance of the listing of Lucara on the Botswana Stock Exchange.

The directors of Lucara, whose names are given elsewhere in this document, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts. The directors confirm that the listing particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the listing particulars relate.

### **CORPORATE INFORMATION**

#### **DIRECTORS AND OFFICERS –**

##### **Lukas Lundin**

Chairman and Director

Mr. Lundin is known for recognizing value and superior global investment opportunities in the natural resource sector. His uninhibited pursuit of highly prospective properties around the world has resulted in numerous resource discoveries, including the multi-million ounce Veladero gold discovery. Mr. Lundin has also led several companies through highly profitable business acquisitions and mergers such as Lundin Mining's \$3.3 billion merger with EuroZinc Mining, the \$2 billion sale of Tanganyika Oil Company Ltd. and most recently the \$7.1 billion sale of Red Back Mining Inc. Mr. Lundin is a graduate of the New Mexico Institute of Mining and Technology. He currently sits on the Board of a number of publicly traded companies.

**William Lamb**

President, CEO, and Director

Mr. Lamb has over 18 years experience in the mining operations and project development industry. Having obtained a NHD in Extraction Metallurgy for the Technicon of the Witwatersrand, he worked for Rand Mines, gaining production experience in the gold, platinum, chrome and coal sectors. In 1994 Mr. Lamb joined De Beers working as a research officer in the Johannesburg based research laboratories. Three years later he joined Kvaerner Metals as their lead process design engineer, responsible for all metallurgical design aspects of the non-ferrous division. After focusing on heavy mineral concentration design, Mr. Lamb returned to De Beers as their Dense Medium Service Specialist. Mr. Lamb transferred to De Beers Canada Inc. in 2002 as their Metallurgical Superintendent, responsible for process design and certain project management aspects of the Canadian projects. In 2005 Mr. Lamb took up the role of Process Manager for the Victor mine in Northern Ontario. After completing an MBA through the Edinburgh Business School, Mr. Lamb joined the Lundin Group in May 2008.

**Anthony George**

Vice President, Development  
(Officer only)

Mr. George is a mining engineer with over 27 years of experience in operations, design and construction. He commenced his career with De Beers in South Africa and later transferred to De Beers in Namibia where he was mine manager of the open-pit Auchas mine prior to moving to Canada to take up a senior position with Iron Ore Company of Canada in Labrador. Thereafter, Mr. George held the position of Manager – Mining with AMEC Inc. where he was project manager for several international projects. Mr. George rejoined De Beers in 2003 where he was mine manager on the team that brought the Victor open pit diamond project through feasibility, engineering and construction. Prior to joining the Company, Mr. George was Chief Operating of Aura Minerals Inc., a company focused on the acquisition, exploration, development and operation of gold and base metal projects in the Americas.

**Susan Neale**

Chief Financial Officer  
(Officer only)

Ms. Neale is a certified general accountant with over 20 years experience in the resource industry and in financial services industry. Prior to joining the Lundin Group of Companies in 2007, Ms. Neale served as Chief Financial Officer from 2002 to 2006 for Quest Capital Corp, a publicly listed asset backed lender based in Vancouver. Prior to that Ms. Neale held senior accounting positions with the same company from 1991 (formerly Viceroy Resource Corporation) during that time the company was actively involved in acquiring, exploring, financing, developing and operating gold producing properties.

**Dr. Larry Ott**

Vice President, Exploration & Director

Dr. Ott holds an MSc in Geology from Montana Tech and a PhD in Geology from the University of Idaho and is a member of the Australian Institute of Mining and Metallurgy. He has over 20 years international experience in mineral exploration and production, including diamond exploration and resource development in Canada, French Guiana and Australia, gold exploration and mining in the United States and west Africa and base metal and coal exploration in the United States.

**Mr. James A. H. Campbell**

Vice President, New Business  
(Officer only)

Mr. Campbell holds a degree in Mining & Exploration Geology from the Royal School of Mines (Imperial College, London University) and an MBA with distinction from Durham University. Mr. Campbell is a Fellow of the Institute of Mining, Metallurgy & Materials, Chartered Engineer (UK), Chartered Scientist (UK), a Professional Natural Scientist (RSA) and a member of the Institute of Directors of South Africa.

Prior to joining Lucara Diamond Corp. in 2011, Mr. Campbell worked as Managing Director of African Diamonds plc for four years. Prior to his involvement with African Diamonds plc, Mr. Campbell was with De Beers for over twenty years, culminating in being General Manager responsible for resource delivery in the Global Mining and Exploration group. During his career with De Beers he also led small-scale mine development and was Personal Assistant to Nicky Oppenheimer, De Beers' Chairman.

**Richard Clark**

Director

Mr. Clark is a former lawyer who practiced mining and securities law in British Columbia from 1987 to 1993. For the past ten years Mr. Clark has been a senior executive with the Lundin Group of Companies. In 2004 he became President and CEO of Red Back Mining Inc. ("Red Back") and under his leadership, Red Back grew into one of the top performing gold companies which ultimately resulted in a \$7.1 billion takeover by Kinross Gold Corporation in September 2010.

**Dr John Gurney**

Director

Through his research activities at the University of Cape Town, Dr. Gurney has a reputation as a leading authority in the field of geochemical exploration for diamondiferous kimberlites. He also has extensive experience of marine and alluvial diamond deposits, diamond valuation and marketing and of mine development procedures. He acquired these during over 30 years involvement at consultant and executive levels in diamond exploration and diamond producing companies.

**Eira Thomas**

Director

Eira Thomas is a respected Canadian geologist with a highly successful career in the mining industry. She served as a geologist with Aber Resources Ltd. (now Harry Winston Diamond Corporation) from 1992 to 1997, leading the field exploration team that discovered the Diavik Diamond Project pipes in the Northwest Territories in 1994 and 1995. She was promoted to Vice-President Exploration for Aber in 1997, a post she held for two years. She served as a director of Aber Diamond Corporation from April 1998 to August 2006. Ms. Thomas is also a director of a number of other public companies and organizations.

**Paul Conibear**

Director

Mr. Conibear has over 25 years of experience in mining projects in several African countries, North America, and a number of South American countries. His background includes 18 years of project and construction management across a diverse range of mineral projects encompassing base and precious metal, coal, uranium and potash investments. For the last 10 years he has held public company executive management and director's positions with the Lundin group of companies, most notably serving for several years as President and CEO of Tenke Mining Corp. where he was instrumental in progressing the world class Tenke Fungurume copper/cobalt project towards its current position as a major mining operation in central Africa.

**Brian Edgar**

Director

Mr. Edgar has been active in public markets for over 25 years. A graduate of the University of British Columbia law school, Mr. Edgar practiced corporate and securities law in Vancouver for 16 years before retiring in October 1992 to establish Rand Edgar Investment Corp., an investment/banking, venture capital company in the business of providing early stage venture capital to high growth companies and in providing advisory services concerning corporate structuring, finance, business strategies, private and public securities offerings and relations with regulatory authorities, lawyers, accountants and technical consultants. Mr. Edgar serves on the Board of a number of public companies.

**COMPANY SECRETARY****I. Rodrigo A. Romo**

(Officer only)

Prior to joining the Lundin Group of Companies in 2009, Mr. Romo was the in-house Securities and Corporate Paralegal for Quorum Management & Administrative Services Inc. ("Quorum"), a private company, which provides management, administrative, legal, geological and other services to a number of publicly traded mineral exploration companies. Mr. Romo also acted as the Corporate Secretary for two of the Quorum group of companies, namely, Emgold Mining Corporation and ValGold Resources Ltd.

**PRINCIPAL OFFICE**

Suite 2101 - 885 West Georgia Street  
Vancouver, British Columbia  
Canada V6C 3E8

**AUDITORS:**

PricewaterhouseCoopers, LLP  
250 Howe Street, Suite 700  
Vancouver British Columbia  
Canada V6C 3S7

**BANKERS:**

Bank of Montreal  
595 Burrard Street  
Vancouver, British Columbia  
Canada V7X 1L7

**REGISTRAR AND TRANSFER AGENT:**

**Canada:**

Computershare Investor Services Inc.  
510 Burrard Street, 2nd Floor  
Vancouver, British Columbia  
Canada V6C 3B9

**Botswana:**

Transaction Management Services (Pty) Ltd. t/a Corpserve Botswana Transfer Secretaries  
First Floor, Unit 3, Block A  
Kwena House, Plot 117, GIFF  
Kgale View, Gaborone, Botswana

**CORPORATE OFFICE:**

Suite 2101 - 885 West Georgia Street  
Vancouver, British Columbia  
Canada V6C 3E8  
Tel: +(604) 689-7842

**REGISTERED OFFICE**

**c/o McCullough O'Connor Irwin LLP**  
Suite 2610 - Oceanic Plaza  
1066 West Hastings Street  
Vancouver, BC  
Canada V6E 3X1

## **SPONSORING BROKER FOR THE DUAL LISTING**

Capital Securities (Pty) Ltd  
Ground Floor, Exchange House  
Block 6, Plot 64511  
Fairgrounds  
Gaborone  
Tel: (+267) 3188886

## **NOMINATED BROKERS**

Capital Securities (Pty) Ltd  
Ground Floor, Exchange House  
Block 6, Plot 64511  
Fairgrounds  
Gaborone  
Tel: (+267) 3188886

## **NOMINATED ADVISER**

Capital Corporate Finance (Pty) Ltd  
P/Bag 254, Suite 233, Gaborone, Botswana  
Tel: (+267) 3188886 Fax: (+267) 3917147

## **LEGAL ADVISORS**

### **Canada:**

Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trade-mark Agents  
595 Burrard Street  
P.O. Box 49314  
Suite 2600, Three Bentall Centre  
Vancouver BC V7X 1L3 Canada  
Tel: 604-631-3300 Fax: 604-631-3309

### **Botswana:**

Collins Newman & Co.  
Dinatla Court Plot 4863  
P.O. Box 882  
Gaborone  
Botswana

## **FORWARD LOOKING STATEMENTS**

Various statements in this document constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed herein.

## **COMPANY OVERVIEW**

Lucara is a member of the Lundin Group of Companies, a group of internationally recognized, publicly-traded resource-based companies founded by Adolf H. Lundin and now headed by sons Lukas H. Lundin and Ian H. Lundin. In business for over three decades, the Lundins are leaders in identifying superior global investment opportunities in the natural resource sector.

Operating in over 30 different countries, the companies within the Lundin Group produce and explore for copper, zinc, lead, silver, gold, iodine, oil and gas, diamonds, potash and uranium. Well over \$3 billion in financing has been raised to develop Lundin Group projects.

The Lundin Group is headquartered in Geneva, Switzerland. Corporate offices are located in Vancouver, Toronto, Paris and Stockholm. Project offices are worldwide, with key project offices located in Denver, Santiago, Jakarta, Tunis, Buenos Aires, Addis Ababa, London and Erbil.

Lucara is a development stage company focused on diamond properties in Africa. The business of Lucara consists of the acquisition, exploration and development of diamond properties. The principal assets of Lucara and the current focus of Lucara's development and exploration activities are its interest in the Mothae diamond project in Lesotho, AK6 kimberlite project in Botswana and its prospecting licenses in Namibia.

Lucara holds a 100% interest in the AK6 kimberlite project, an advanced, high-value diamond development project located in the Orapa/Letlhakane kimberlite district of Botswana. Construction of a mine at the AK6 kimberlite commenced in November 2010 with full commissioning of the new mine targeted to be achieved in late 2011 and ramp up to full production in early 2012. The mine is expected to deliver 400,000 carats of diamonds in its first year of operation.

Lucara also holds a 75% interest in the Mothae kimberlite mining licence in the Kingdom of Lesotho with production estimated to begin in 2014. The Mothae Diamond Project is a 20.0 square kilometre concession located in one of the most prolific diamond producing regions in the world. The project hosts a large diamondiferous kimberlite pipe with an estimated surface extent of 8.8 hectares and is located adjacent to and directly on trend with the world-famous Letseng diamond mine.

Lucara is conducting a trial mining program to mine and process up to 720,000 tonnes of kimberlite from the Mothae pipe to gather further data on diamond grade, size distribution and diamond value information following a previously completed successful 100,000 tonne bulk sample program. The bulk sampling and trial mining programs are in preparation for future commercial diamond production from the Mothae mine.

## Further Information

Detailed information on Lucara and copies of independent technical reports on all of Lucara Diamond Corp.'s key assets are available for examination at the offices of the sponsoring broker in Botswana, Capital Securities for a period of 1 month following the listing date, or by download from SEDAR at [www.sedar.com](http://www.sedar.com) under Lucara's corporate profile.

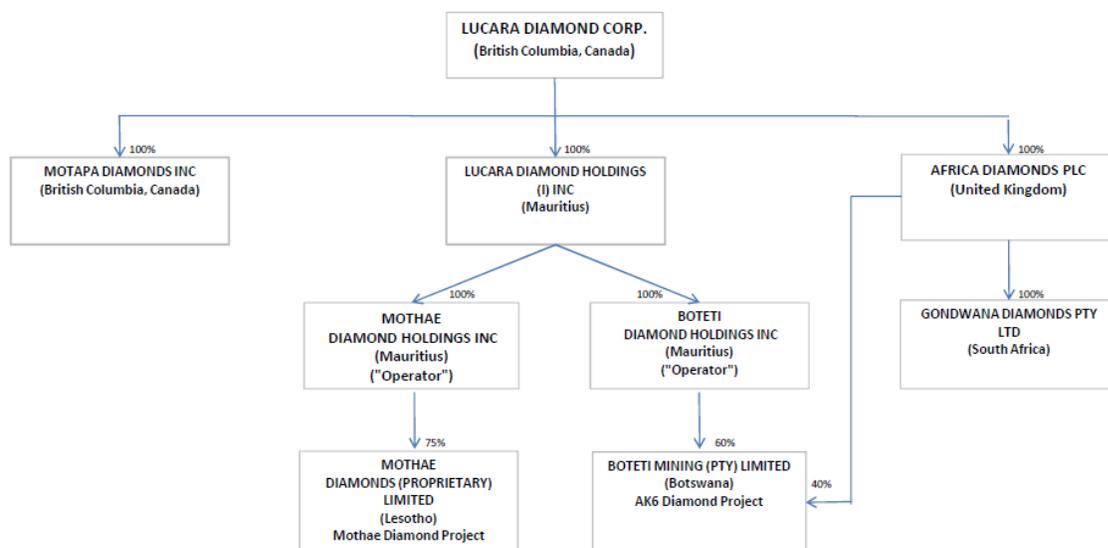
SEDAR is the System for Electronic Data Analysis and Retrieval. SEDAR is a filing system developed for the Canadian Securities Administrators to:

- facilitate the electronic filing of securities information as required by the securities regulatory agencies in Canada;
- allow for the public dissemination of Canadian securities information collected in the securities filing process; and
- provide electronic communication between electronic filers, agents and the Canadian securities regulatory agencies.

On SEDAR investors and other authorized users can find and retrieve public company and investment fund profiles and SEDAR public securities filings and information from the SEDAR filing system, together with the latest news about SEDAR.

## Corporate Structure

Substantially all of the Company's business is carried on through its various subsidiaries. The following chart illustrates the Company's current significant subsidiaries, including their respective jurisdiction of incorporation and the percentage of voting securities in each that are held by the Company either directly or indirectly:



## AUTHORISED CAPITAL

Unlimited Number of Common Shares without par value (without special rights or restrictions attached).

## ISSUED CAPITAL

Total Common Shares Issued: 302,494,050 (\*)  
 Less Escrowed Securities: N/A

Tradable Securities (On Quotation): 302,494,050 (\*)

### Summary of issues or offers of securities of the applicant during the past three years:

| Date              | Description of Issuance  | Total Issued & Outstanding |
|-------------------|--|----------------------------|
| August 15, 2008   | Non Brokered Private Placement – Issuance of 5,555,556 common shares at \$0.90 per share                                       | 63,986,221                 |
| July 3, 2009      | Motapa Plan of Arrangement – 34,455,022 Lucara common shares issued on the basis of \$0.9055 for each Motapa share transferred | 98,441,243                 |
| October 6, 2009   | Stock option exercise of 5,000 common shares at \$0.48 by a Lucara employee  | 98,446,243                 |
| November 19, 2009 | Stock option exercise of 5,000 common shares at \$0.48 by a Lucara employee  | 98,451,243                 |
| December 8, 2009  | Stock option exercise of 181,100 common shares at \$0.42 by a Lucara employee  | 98,632,343                 |
| December 8, 2009  | Stock option exercise of 67,912 common shares at \$0.54 by a Lucara employee   | 98,700,255                 |
| December 8, 2009  | Stock option exercise of 67,912 common shares at \$0.72 by a Lucara employee   | 98,768,167                 |
| December 17, 2009 | Issuance of 110,000,000 common shares at \$1.00 per share pursuant to a financing  | 208,768,167                |
| January 4, 2010   | Issuance of 6,988,764 common shares to Roytor & Co. at \$0.85 per share  | 215,756,931                |
| January 13, 2010  | Stock option exercise of 96,265 common shares at \$0.54 by a Lucara employee   | 215,853,196                |
| February 19, 2010 | Conversion of Bonus Share Receipts for Roytor & Co. for 5,202,436 shares at \$0.85 per share                                   | 221,055,632                |
| March 4, 2010     | Stock option exercise of 9,055 common shares at \$0.24 by a Lucara employee  | 221,064,687                |
| March 25, 2010    | Stock option exercise of 67,912 common shares at \$0.72 by a Lucara employee   | 221,132,599                |
| March 25, 2010    | Stock option exercise of 67,912 common shares at \$0.54 by a Lucara employee   | 221,200,511                |
| March 25, 2010    | Stock option exercise of 9,055 common shares at \$0.24 by a Lucara employee  | 221,209,566                |
| March 31, 2010    | Stock option exercise of 67,912 common shares at \$0.72 by a Lucara employee   | 221,277,478                |
| March 31, 2010    | Stock option exercise of 67,912 common shares at \$0.54 by a Lucara employee   | 221,345,390                |
| March 31, 2010    | Stock option exercise of 9,055 common shares at \$0.24 by a Lucara employee  | 221,354,445                |
| May 3, 2010       | Stock option exercise of 45,275 common shares at \$0.50 by a Lucara employee   | 221,399,720                |
| June 1, 2010      | Stock option exercise of 33,333 common shares at \$0.48 by a Lucara employee   | 221,433,053                |

| <b>Date</b>        | <b>Description of Issuance</b>   | <b>Total Issued &amp; Outstanding</b> |
|--------------------|--|---------------------------------------|
| June 7, 2010       | Stock option exercise of 67,912 common shares at \$0.54 by a Lucara employee   | 221,500,965                           |
| June 7, 2010       | Stock option exercise of 9,055 common shares at \$0.24 by a Lucara employee  | 221,510,020                           |
| June 7, 2010       | Stock option exercise of 67,912 common shares at \$0.54 by a Lucara employee   | 221,577,932                           |
| June 8, 2010       | Stock option exercise of 311,210 common shares at \$0.54 by a Lucara employee  | 221,889,142                           |
| June 29, 2010      | Stock option exercise of 67,912 common shares at \$0.72 by a Lucara employee   | 221,957,054                           |
| June 29, 2010      | Stock option exercise of 67,912 common shares at \$0.54 by a Lucara employee   | 222,024,966                           |
| June 29, 2010      | Stock option exercise of 9,055 common shares at \$0.24 by a Lucara employee  | 222,034,021                           |
| July 2, 2010       | Stock option exercise of 22,637 common shares at \$0.54 by a Lucara employee   | 222,056,658                           |
| July 22, 2010      | Stock option exercise of 5,000 common shares at \$0.48 by a Lucara employee  | 222,061,658                           |
| November 29, 2010  | Stock option exercise of 6,666 common shares at \$0.70 by a Lucara employee  | 222,068,324                           |
| December 20, 2010  | Issuance of 80,425,726 common shares at \$0.95 per share to the shareholders of African Diamonds plc in connection with a Scheme of Arrangement  | 302,494,050                           |
| * January 19, 2011 | Lucara announced that, subject to TSX Venture Exchange approval, it will conduct a private placement offering of up to 60,000,000 common shares at \$1.00 per share. The private placement, if approved, is scheduled to close on or about 11 February 2011. |                                       |

### **Executive Compensation**

The Company's practices with respect to the compensation of its executive officers is set out in its information circular prepared in relation to each AGM. The Company's information circulars are publicly available under the Company's profile on [www.sedar.com](http://www.sedar.com).

### **Any consolidations of subdivisions of shares in preceding 3 years:**

Not Applicable

### **Options or preferential rights in respect of securities**

Save as set out below, the Directors are not aware of any person who, directly or indirectly had an interest in 3% or more of the voting rights of the Company as at the latest practical date prior to the publication of this document and immediately following admission:

|   |       |
|---|-------|
| Lorito Holdings S.A.R.L.                | 7.89% |
| Zebra Holdings and Investments S.A.R.L. | 5.32% |

### **Controlling shareholder**

Not Applicable.

## DIRECTORS

At present the Company is managed by its Directors.

### Other statutory information

#### Interests in the Shares and Options of the Company and Related Bodies Corporate

The present interest of the directors in the shares and options of Lucara are:

| Name, residence and current position(s) held in the Company                   | Number of securities owned (directly or indirectly) or controlled at present | Stock Options  |   |                       |                        |
|---|--|--|---|-----------------------|------------------------|
|   |  | Number of Stock Options Held (directly or indirectly) or controlled at present | Exercise Price per Stock Option Grant CDN\$ | Grant Date (mm/dd/yy) | Expiry Date (mm/dd/yy) |
| LAMB, William<br>British Columbia, Canada<br>President/ CEO and Director      | Nil  | 100,000  | \$0.90                                      | 04/28/08              | 04/27/11               |
|   |  | 250,000  | \$0.50                                      | 11/26/08              | 11/26/11               |
|   |  | 100,000  | \$0.48                                      | 07/06/09              | 07/06/12               |
|   |  | 500,000  | \$1.00                                      | 12/18/09              | 12/18/12               |
| CLARK, Richard P.<br>British Columbia, Canada<br>Director                     | Nil  | 200,000  | \$0.83                                      | 06/08/10              | 06/08/13               |
| CONIBEAR, Paul K.<br>British Columbia, Canada<br>Lead Director                | 166,000  | 400,000  | 0.48  | 07/06/09              | 07/06/12               |
|   |  | 300,000  | 1.00  | 12/18/09              | 12/18/12               |
| EDGAR, Brian D.<br>British Columbia, Canada<br>Director                       | 100,000  | 200,000  | 0.48  | 07/06/09              | 07/06/12               |
|   |  | 200,000  | 1.00  | 12/18/09              | 12/18/12               |
| GURNEY, John J.<br>Capetown, South Africa<br>Director                         | 218,564  | 100,000  | 0.48  | 07/06/09              | 07/06/12               |
|   |  | 100,000  | 1.00  | 12/18/09              | 12/18/12               |
| LUNDIN, Lukas H.<br>British Columbia, Canada<br>Chairman and Director         | 2,295,000  | 200,000  | 0.48  | 07/06/09              | 07/06/12               |
|   |  | 200,000  | 1.00  | 12/18/09              | 12/18/12               |
| OTT, Lawrence E.<br>Colorado, USA<br>Vice President, Exploration and Director | 322,097  | 100,000  | 1.00  | 12/18/09              | 12/18/12               |
|   |  | 150,000  | 0.95  | 12/14/10              | 12/14/13               |
| THOMAS, Eira<br>British Columbia, Canada<br>Director                          | 8,600,000  | 100,000  | 0.48  | 07/06/09              | 07/06/12               |
|   |  | 100,000  | 1.00  | 12/18/09              | 12/18/12               |

<sup>(1)</sup> The information as to jurisdiction of residence and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors themselves.

<sup>(2)</sup> The information as to Common Shares owned has been provided by the respective director nominees themselves.

### **Appointment of Directors and Term of Office**

The Board of Directors of the Company is currently comprised of eight directors who are elected annually. Each director holds office until the next annual meeting of shareholders or until his successor is duly elected unless his office is earlier vacated in accordance with the Articles of the Company.

### **Compensation of Directors**

Other than the issuance of stock options, no compensation is paid to directors of the Corporation in their capacity as members of the Board or of a committee of the Board of the Corporation or its subsidiaries.

### **Voting Rights**

The holders of Common Shares are entitled to receive notice of and attend all meetings of shareholders with each Common Share held entitling the holder to one vote on any resolution to be passed at such shareholder meetings. The holders of Common Shares are entitled to dividends if, as and when declared by the board of directors of the Company. The Common Shares are entitled upon liquidation, dissolution or winding up of the Company to receive the remaining assets of the Company available for distribution to shareholders.

### **Variation of rights**

The Company may by ordinary resolution:

- (1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, unless any of those shares have been issued in which case the Company may do so only by special resolutions; or
- (2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, unless any of those shares have been issued in which case the Company may do so only by special resolution.

### **Alteration of capital**

The Company may alter its authorized share structure (see Article 9 of the Company's Articles).

### **Dividend Policy**

There are no restrictions which prevent the Company from paying dividends. The Company has not paid dividends on its Common Shares and it has no present intentions of paying any dividends on its Common Shares, as it anticipates that all available funds will be invested to finance the growth of its business. The directors of the Company will determine if and when dividends should be declared and paid in the future, based on the Company's financial position at the relevant time.

## **General Meetings**

The Company must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

## **Borrowing Powers**

The Company, if authorized by the directors, may:

- (1) Borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (2) Issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (3) Guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) Mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

## **Working Capital**

The Directors believe that they have adequate working capital available for the Company to meet its current obligations.

## **Litigation**

Pursuant to the Implementation Agreement, the Company retained certain liabilities related to legal proceedings against its wholly owned subsidiary African Diamonds alleging entitlement to a 3% NSR on production from the AK6 Mine. The Company believes that the claim is without merit and will continue to vigorously defend the claim.

## **Material Changes**

See Material Change Reports filed on [www.sedar.com](http://www.sedar.com)

## **Details of material loans**

See financial statements filed on [www.sedar.com](http://www.sedar.com)

## **Details of material commitments, lease payments and contingent liabilities**

see financial statements

## **Details of off balance sheet financing**

N/A

## **Significant contracts**

There were no other contracts, other than those entered into in the ordinary course of business, that were material to the Company and that were entered into between January 1, 2009 and up to the date of this Prelisting Statement or that were entered into prior to January 1, 2002 and remain in effect during 2010, other than as follows:

- (a) Arrangement Agreement dated April 30, 2009 between the Company and Motapa Diamonds pursuant to which the Company acquired all of the issued and outstanding shares of Motapa Diamonds pursuant to a plan of arrangement under the BCABC on the basis of 0.9055 shares of the Company for each one share of Motapa Diamonds.
- (b) Boteti Sale of Shares and Claims Agreement dated November 10, 2009 among the Company, African Diamonds Plc, Boteti Diamond Holdings Inc. and De Beers Prospecting Botswana (Pty) Limited pursuant to which the Company acquired a 70.268% interest in Boteti Exploration (Pty) Ltd. which holds a 100% interest in the AK6 Mine.
- (c) Call Option Agreement dated December 17, 2009, between Boteti Diamond Holdings Inc. and African Diamonds plc pursuant to which Boteti Diamond Holdings Inc. granted African Diamonds plc a call option to acquire a 10.268% interest in Boteti Exploration (Pty) Ltd.
- (d) Agency Agreement dated December 16, 2009 among the Company and GMP Securities L.P., as lead agent, and Canaccord Financial Ltd., BMO Nesbitt Burns Inc., Cormark Securities Inc., Haywood Securities Inc. and PI Financial Corp. (collectively, the “Agents”) pursuant to which the Company sold 110,000,000 subscription receipts at a price of C\$1.00 per subscription receipt for gross proceeds of C\$110 million.
- (e) Implementation Agreement dated October 4, 2010 between the Company and African Diamonds Plc (“AFD”) pursuant to which the Company acquired all of the issued and outstanding shares of AFD on the basis of 0.80 of a Common Share for each AFD ordinary share by way of an English court-approved Scheme of Arrangement.

## **FINANCIAL INFORMATION FOR LUCARA DIAMONDS**

See financial statements