



Lucara Diamond Corp.

September 14, 2011

Attention: U.S. SHAREHOLDERS

IMPORTANT TAX NOTICE

Re: 2010 PFIC status

This notice is provided for shareholders who are U.S. persons for purposes of the U.S. Internal Revenue Code. It is not relevant to other shareholders.

The attached passive foreign investment company ("PFIC") Annual Information Statements are being provided to you pursuant to U.S. Treasury Regulations Section 1.1295-1(g)(1). The PFIC Annual Information Statements contain information to enable you or your tax advisor to prepare your U.S. federal income tax return if you elect to treat Lucara Diamond Corp. ("Lucara") and its subsidiaries as qualified electing funds ("QEFs") for U.S. federal income tax purposes.

A U.S. shareholder who makes a QEF election is required to annually include in his, her or its income his, her or its *pro rata* share of the ordinary earnings and net capital gains of Lucara and its subsidiaries. The QEF election is made by completing and attaching Form 8621 to your U.S. federal income tax return filed by the due date of the return, as extended.

Effective on December 20, 2010, Lucara acquired African Diamonds plc ("African Diamonds"). The attached PFIC Annual Information Statements include information for African Diamonds and its subsidiaries for the period between December 20, 2010 and December 31, 2010.

WE STRONGLY URGE U.S. SHAREHOLDERS TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY DECISION TO MAKE (OR REFRAIN FROM MAKING) ANY ELECTION THAT MAY BE AVAILABLE TO THEM BECAUSE ANY SUCH DECISION WILL DEPEND UPON THEIR OWN PARTICULAR TAX SITUATION AND MAY HAVE SIGNIFICANT AND CONTINUING U.S. FEDERAL INCOME TAX CONSEQUENCES.

LUCARA IS UNABLE TO GIVE ADVICE IN THIS REGARD

Further information on the PFIC rules is available at the U.S. Internal Revenue Service website.

Detailed information about the PFIC rules and the QEF election:

www.irs.gov/instructions/i8621/ch01.html

Instructions to complete Form 8621: www.irs.gov/pub/irs-pdf/i8621.pdf

Form 8621: www.irs.gov/pub/irs-pdf/f8621.pdf

Any discussion of tax issues set forth in this document was written in connection with the matters described in this document. Such discussion was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each investor should seek advice based on his, her or its particular circumstances from an independent tax advisor.



Lucara Diamond Corp.

PFIC ANNUAL INFORMATION STATEMENT

Any discussion of tax issues set forth in this PFIC Annual Information Statement was written in connection with the matters described in this PFIC Annual Information Statement. Such discussion was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each investor should seek advice based on his, her or its particular circumstances from an independent tax advisor.

1. This PFIC Annual Information Statement applies to Lucara and its subsidiaries listed below for the taxable year beginning on January 1, 2010 and ending on December 31, 2010. The address for each company is: Suite 2000, 885 West Georgia Street, Vancouver, BC V6C 3E8, Canada.
2. Your *pro rata* shares of ordinary earnings and net capital gain of Lucara and its subsidiaries listed below for the taxable year specified in paragraph (1) above are:

| | Lucara Diamond Corp. | Lucara Diamond Holdings (I) Inc. | Mothae Diamonds Holdings Inc. | Mothae Diamonds (Proprietary) Limited |
|--|----------------------|----------------------------------|-------------------------------|---------------------------------------|
| Your <i>pro rata</i> share of ordinary earnings: | Nil | Nil | Nil | Nil |
| Your <i>pro rata</i> share of net capital gain: | Nil | Nil | Nil | Nil |

| | Motapa Diamonds Inc. | Kavango Diamond Company (Pty) Ltd. | Motapa Exploration Limited | Boteti Diamond Holdings Inc. |
|--|----------------------|------------------------------------|----------------------------|------------------------------|
| Your <i>pro rata</i> share of ordinary earnings: | Nil | Nil | Nil | Nil |
| Your <i>pro rata</i> share of net capital gain: | Nil | Nil | Nil | Nil |

| | Boteti Mining (Pty) Limited (formerly Boteti Exploration (Pty) Limited) | Debwat Exploration (Pty) Limited | | |
|--|---|----------------------------------|--|--|
| Your <i>pro rata</i> share of ordinary earnings: | Nil | Nil | | |
| Your <i>pro rata</i> share of net capital gain: | Nil | Nil | | |



Lucara Diamond Corp.

3. The amount of cash and the fair market value of other property distributed or deemed distributed to you by Lucara and its subsidiaries listed below during the taxable year specified in paragraph (1) above are:

| | Lucara Diamond Corp. | Lucara Diamond Holdings (I) Inc. | Mothae Diamonds Holdings Inc. | Mothae Diamonds (Proprietary) Limited |
|-----------------------------|----------------------|----------------------------------|-------------------------------|---------------------------------------|
| Cash: | Nil | Nil | Nil | Nil |
| Fair market value property: | Nil | Nil | Nil | Nil |

| | Motapa Diamonds Inc. | Kavango Diamond Company (Pty) Ltd. | Motapa Exploration Limited | Boteti Diamond Holdings Inc. |
|-----------------------------|----------------------|------------------------------------|----------------------------|------------------------------|
| Cash: | Nil | Nil | Nil | Nil |
| Fair market value property: | Nil | Nil | Nil | Nil |

| | Boteti Mining (Pty) Limited (formerly Boteti Exploration (Pty) Limited) | Debwat Exploration (Pty) Limited | | |
|-----------------------------|---|----------------------------------|--|--|
| Cash: | Nil | Nil | | |
| Fair market value property: | Nil | Nil | | |



Lucara Diamond Corp.

4. To the extent required by U.S. Treasury Regulations, Lucara and its subsidiaries listed above will permit shareholders to inspect and copy the permanent books of account, records, and such other documents as may be maintained by them that are necessary to establish that their ordinary earnings and net capital gain are computed in accordance with U.S. federal income tax principles, and to verify these amounts and a shareholder's pro rata shares thereof.

Date: September 14/2011

By: *Robert [Signature]*

Title: CFO

THIS PFIC ANNUAL INFORMATION STATEMENT PROVIDED TO U.S. SHAREHOLDERS OF LUCARA IN ORDER TO ASSIST THE U.S. SHAREHOLDERS THAT WISH TO MAKE A QUALIFIED ELECTING FUND ("QEF") ELECTION FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS PFIC ANNUAL INFORMATION STATEMENT DOES NOT CONSTITUTE TAX ADVICE. U.S. SHAREHOLDERS THAT HAVE MADE OR MAY MAKE A QEF ELECTION SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF MAKING A QEF ELECTION IN THEIR PARTICULAR CIRCUMSTANCES.



Lucara Diamond Corp.

PFIC ANNUAL INFORMATION STATEMENT

Any discussion of tax issues set forth in this PFIC Annual Information Statement was written in connection with the matters described in this PFIC Annual Information Statement. Such discussion was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each investor should seek advice based on his, her or its particular circumstances from an independent tax advisor.

1. This PFIC Annual Information Statement applies to African Diamonds and its subsidiaries listed below for the period beginning on December 20, 2010 and ending on December 31, 2010. The address for each company is: Suite 2000, 885 West Georgia Street, Vancouver, BC V6C 3E8, Canada.
2. Your *pro rata* shares of ordinary earnings and net capital gain of African Diamonds and its subsidiaries listed below for the period specified in paragraph (1) above are:

| | African Diamonds plc | Gondwana Diamonds (Pty) Ltd. | Wati Ventures (Pty) Ltd. |
|---|----------------------|------------------------------|--------------------------|
| Your <i>pro rata</i> share ordinary earnings: | Nil | Nil | Nil |
| Your <i>pro rata</i> share of net capital gain: | Nil | Nil | Nil |

3. The amount of cash and the fair market value of other property distributed or deemed distributed to you by African Diamonds and its subsidiaries listed below during the period specified in paragraph (1) above are:

| | African Diamonds plc | Gondwana Diamonds (Pty) Ltd. | Wati Ventures (Pty) Ltd. |
|-----------------------------|----------------------|------------------------------|--------------------------|
| Cash: | Nil | Nil | Nil |
| Fair market value property: | Nil | Nil | Nil |



Lucara Diamond Corp.

4. To the extent required by U.S. Treasury Regulations, African Diamonds and its subsidiaries listed above will permit shareholders to inspect and copy the permanent books of account, records, and such other documents as may be maintained by them that are necessary to establish that their ordinary earnings and net capital gain are computed in accordance with U.S. federal income tax principles, and to verify these amounts and a shareholder's pro rata shares thereof.

Date: September 14, 2011

By: *[Signature]*

Title: CFO

THIS PFIC ANNUAL INFORMATION STATEMENT PROVIDED TO U.S. SHAREHOLDERS OF LUCARA IN ORDER TO ASSIST THE U.S. SHAREHOLDERS THAT WISH TO MAKE A QUALIFIED ELECTING FUND ("QEF") ELECTION FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS PFIC ANNUAL INFORMATION STATEMENT DOES NOT CONSTITUTE TAX ADVICE. U.S. SHAREHOLDERS THAT HAVE MADE OR MAY MAKE A QEF ELECTION SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF MAKING A QEF ELECTION IN THEIR PARTICULAR CIRCUMSTANCES.