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SALE AGREEMENT

entered into between:

FIRESTONE DIAMONDS LIMITED (or its nominee)

(a company incorporated in the British Virgin Islands)
("Firestone")

and

SOUTHERN ERA INTERNATIONAL LIMITED

(a company incorporated in accordance with the laws of the Cayman Islands under Registry Number 91353
("Southern Era")

and

KENROD ENGINEERING SERVICES (PROPRIETARY) LIMITED

(a company duly incorporated in accordance with the laws of the Botswana under registration number
CO99/594)
("The Company")

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1. INTERPRETATION

1.1. In this Agreement, unless the context otherwise indicates:

1.1.1. "Agreement" means this agreement and all annexures and schedules hereto;

1.1.2. "Bankable Feasibility Study" means a comprehensive document or documents that addresses all matters which are customarily required for an effective assessment of the viability of the development and exploitation of a mining project, in such form and detail as are required for the purposes of determining whether to finance the development of a commercial mining operation within the Site, including but not limited to chapters on the following: ownership, location, geology and ore reserves, metallurgy, mining, materials handling, processing, ancillary facilities and site services, infrastructure for and availability of labour, energy supply, environmental impact studies and rehabilitation obligations, capital costs, costs to be incurred to sustain production including initial working capital, the time, and critical path to place the mine into production and financing requirements throughout the construction phase, financial analysis (including price sensitivity analysis) assumptions as to mineral prices and utilisation of a discount rate consistent with financing costs at the time as well as project and country risks;

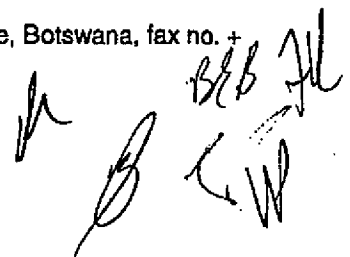
1.1.3. "BK16" means the kimberlite known as BK16 which is contained in the Site;

1.1.4. "the Board" means the board of directors of the the Company, as constituted from time to time;

1.1.5. "Bulk Sampling" means the taking of a mini bulk sample from BK16 from at least 2 holes of up to 200 metres depth each obtained using large diameter (24" or 36") drill rigs;

1.1.6. "Business Day" means any day other than a Saturday, Sunday or Public Holiday officially recognised in Botswana;

1.1.7. "Company" means Kenrod Engineering Services (Proprietary) Limited, a company incorporated in accordance with the laws of Botswana with its registered address at Plot 2709 Phala Crescent, Gabarone, Botswana, fax no. +267 2440142;



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- 1.1.8. "Exploration Phase" means the phase during which the Site is explored in terms of the Prospecting Licences up to and including the Bankable Feasibility Study;
- 1.1.9. "Firestone" means Firestone Diamonds Limited, a company incorporated under the laws of the British Virgin Islands, with its registered office at PO Box 3161, Road Town, Tortola, British Virgin Islands and with its address for service of notice at 9th Floor Metropolitan Centre, 7 Coen Steytler Avenue, Cape Town 8001, South Africa;
- 1.1.10. "First Sale Date" means the first Business Day immediately following the later of the effective date of the Gibbons Sale Agreement, or the fulfilment of the suspensive conditions under clause 3 below;
- 1.1.11. "Gibbons" means collectively and jointly and severally:
- 1.1.11.1. H Gibbons (Passport Number ZE060423); and
- 1.1.11.2. W Gibbons (Identity Number 865527617),
- both of Plot 128, Unit 6, Kagle Court, Gabarone;
- 1.1.12. "Gibbons Sale Agreement" means the Sale Agreement between Firestone and Gibbons in respect of which Gibbons agreed to sell and transfer its shares in and claims against the Company to Firestone;
- 1.1.13. "Geological Modelling Programme" means the development of a geological model of BK16 based on current and additional core and/or percussion drilling to be carried out by Firestone;
- 1.1.14. "Independent Valuers" means the independent valuers to be appointed in terms of clause 11.3 hereof which shall be a South African merchant bank approved by the Parties, or failing agreement, such valuer as nominated by the chairman of the Bar Council in Botswana;
- 1.1.15. "Inferred Resource" means that part of a diamond resource for which tonnage or volume, grade and average diamond value can be estimated only with a low level of confidence. It is inferred from geological evidence and assumed geological and grade continuity and when the diamond parcel is too small to be a reasonable representation of the diamond assortment. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, information that may be

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limited or of uncertain quality and reliability (as described in the SAMREC Code 2007);

- 1.1.16. "Joint Venture Agreement" means the Joint Venture "Earn in" Agreement entered into between Southern Era, Gibbons and one other dated 9 March 2007;
- 1.1.17. "Members" means the shareholders of the Company from time to time which, as at the First Sale Date shall be Firestone and Southern Era;
- 1.1.18. "Mines and Minerals Act" means the Mines and Minerals Act Number 17 of 1999 of Botswana;
- 1.1.19. "Minister" means the Minister of Mines and Minerals in Botswana;
- 1.1.20. "Parties" means the parties to this Agreement namely, Firestone, Southern Era and the Company;
- 1.1.21. "Prospecting Licences" means licence 02/2005 and 03/2005 issued in terms of the Mines and Minerals Act;
- 1.1.22. "Purchaser" means Firestone;
- 1.1.23. "Revenue Sharing Agreement" means the written agreement between Southern Era, Canberra International Limited and Christopher McKnight dated 5 November 2007;
- 1.1.24. "Second Sale Date" means the date upon which Firestone delivers the Bankable Feasibility Study;
- 1.1.25. "Seller" means Southern Era;
- 1.1.26. "Shareholders Agreement" means the shareholders agreement to be entered into between the Parties (and any other shareholders, if applicable) to regulate the affairs of the Company and their relationship as shareholders in the Company;
- 1.1.27. "Signature Date" means the date on which the last Party signing this Agreement does so;
- 1.1.28. "Site" means the area referred to in the Prospecting Licences;
- 1.1.29. "Southern Era" means Southern Era International Limited, a company registered in accordance with the laws of the Cayman Islands under Registry

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Number 91353, of care of Aston Corporate Managers, PO Box 1981, GT, Grand Cayman Islands.

- 1.2. Words importing the singular shall include the plural and vice versa, words importing any gender shall include the other genders and words importing persons shall include partnerships and bodies corporate;
- 1.3. The head notes to the paragraphs to this Agreement are inserted for reference purposes only and shall not affect the interpretation of any of the provisions to which they relate;
- 1.4. This Agreement shall be binding on and enforceable by the estates, heirs, executors, administrators, trustees, permitted assigns, or liquidators of the Parties as fully and effectually as if they had signed this Agreement in the first instance and reference to any Party shall be deemed to include such Party's estate, heirs, executors, administrators, trustees, permitted assigns or liquidators, as the case may be;
- 1.5. If any provision in clause 1 or clause 2 is a substantive provision conferring rights or imposing obligations on any Party, then notwithstanding that such provision is contained in such clauses, effect shall be given thereto as if such provision were a substantive provision in the body of this Agreement;
- 1.6. When any number of Business Days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusive of the last Business Day;
- 1.7. Full effect shall be given to any substantive provision conferring rights and obligations upon the Parties and contained in this clause 1 or clause 2 provided that if any provision in clause 2 conflicts with any other provision of this Agreement, such other provision shall prevail and be carried into effect;
- 1.8. Where any term is defined within the context of any particular clause in this Agreement, the term so defined shall, unless it appears clearly from the clause in question that such term has limited application to the relevant clause, bear the meaning ascribed for all purposes in terms of this Agreement, notwithstanding that such term has not been defined in this clause 1;
- 1.9. The terms and /or expressions defined in this Agreement shall bear the same meanings in annexed schedules which do not contain definitions.
- 1.10. This Agreement includes all annexed schedules which are an integral part of this Agreement.

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2. INTRODUCTION

- 2.1. The Company is the legal and unrestricted holder of the Prospecting Licences.
- 2.2. As at the Signature Date, the shareholders of the Company are Southern Era as to 70% (seventy percent) and Gibbons as to 30% (thirty percent) of the issued shares in the capital of the Company.
- 2.3. Gibbons has agreed to sell and transfer to Firestone its shares in the capital of the Company and its claims against the Company in accordance with the Gibbons Sale Agreement.
- 2.4. Southern Era has agreed to sell and transfer to Firestone certain shares in the capital of the Company in return for Firestone undertaking exploration on the Site, in accordance with the more detailed provisions of this Agreement.
- 2.5. It is envisaged that in and pursuant to the ultimate implementation of this Agreement, and with effect from the Second Sale Date, all of the shares in the capital of the Company shall be held by:
 - 2.5.1. Firestone as to 87.5% (eighty seven point five percent) thereof; and
 - 2.5.2. Southern Era as to 12.5% (twelve point five percent) thereof.
- 2.6. The Parties wish to record their agreement relating to:
 - 2.6.1. the sale and transfer of shares in the capital of the Company from Southern Era to Firestone;
 - 2.6.2. the assumption and carrying out by Firestone of its duties, functions and obligations in respect of the Prospecting Licences;
 - 2.6.3. the rights and obligations of Firestone and Southern Era as shareholders of the Company, *inter se*;
 - 2.6.4. the termination of the Joint Venture Agreement and the supersession thereof by this Agreement; and
 - 2.6.5. matters incidental thereto.

3. SUSPENSIVE CONDITIONS

- 3.1. This Agreement (save for the provisions of clauses 1, 4.3 and 19 to 24 below inclusive, which shall be of immediate and binding effect) is entirely subject to the suspensive conditions that:

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- 3.1.1. the Minister approves the transfer of shares as contemplated and provided for in this Agreement in accordance with the provisions of Section 23 of the Mines and Minerals Act; and
- 3.1.2. Southern Era, alternatively Firestone, notifies the parties to the Revenue Sharing Agreement in writing of the proposed transfer of shares to Firestone as contemplated and provided for in this Agreement;
- 3.2. Southern Era agrees and undertakes to cooperate with Firestone to make the necessary applications to the Minister and to do all things and sign all documents reasonably necessary to achieve the fulfilment of the said suspensive conditions as expeditiously as possible and the other Parties agree to co-operate and assist Southern Era according to the intent and purpose of this clause 3;
- 3.3. The Parties agree that should the Minister not approve the transfer of shares as contemplated and provided for in this Agreement, the Parties will restructure the Agreement to ensure that the Minister does approve the transaction.
- 3.4. Should the suspensive conditions not be fulfilled, or should the Minister not approve the restructured agreement in the circumstances contemplated in clause 3.3 above within the later of 6 (six) calendar months of the date of this agreement or 20 (twenty) Business Days after any Party has called for the fulfilment thereof, on written notice to the others of them, (or within such extended period as may be agreed to between the Parties in writing), then this Agreement shall be of no further force or effect and the Parties shall be restored as near as may be possible to the position in which they would have been had this Agreement not been entered into and no Party shall have any claim against the others of them pursuant thereto, save as may arise out of a breach of the provisions of clause 3.2 above.

4. GIBBONS SALE AGREEMENT

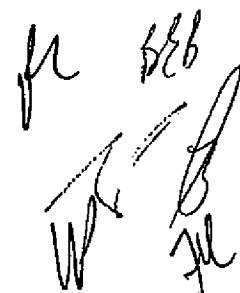
- 4.1. With effect from the effective date of the Gibbons Sale Agreement, Gibbons shall sell to Firestone which shall purchase Gibbons' shares in and claims against the Company, as more fully provided for in that agreement.
- 4.2. The implementation of the Gibbons Sale Agreement will constitute the cession, delegation and transfer of all rights and obligations of Gibbons in respect of the Company to Firestone, whether arising under the memorandum and articles of association of the Company, the Joint Venture Agreement or otherwise.
- 4.3. Southern Era hereby waives and abandons any and all pre-emptive rights it may have and which may be triggered under and in terms of the conclusion and implementation of the

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Gibbons Sale Agreement, whether such pre-emptive rights arise under the memorandum and articles of association of the Company, the Joint Venture Agreement or otherwise.

5. SALE AND TRANSFER OF SHARES – FIRST TRANCHE

- 5.1. With effect from the First Sale Date, the Seller hereby sells to the Purchaser who hereby purchases such number of ordinary shares in the capital of the Company as comprises 45.5% (forty-five point five percent) of all the issued shares in the capital thereof.
- 5.2. Pursuant to the sale under clause 5.1 above, all of the issued shares in the capital of the Company shall be held by:
- 5.2.1. Firestone as to 75.5 % (seventy-five point five percent); and
- 5.2.2. Southern Era as to 24.5 % (twenty four point five percent) thereof.
- 5.3. As purchase consideration in respect of the said shares, Firestone shall :
- 5.3.1. complete the Geological Modelling Programme and the Bulk Sampling within 12 (twelve) months reckoned from the First Sale Date (which shall be considered as payment of consideration in respect of 23 of the 45.5% of the shares); and
- 5.3.2. define an Inferred Resource at BK16 (which shall be considered as payment of consideration in respect of the remaining 22.5 of the 45.5% of the shares).
- 5.4. If Firestone fails to comply with its obligations under clause 5.3.1 above to the reasonable satisfaction of the Board, then the Seller shall have the right to repurchase such number of shares in the capital of the Company as comprise 23% (twenty three percent) thereof for a nominal consideration of 1 (one) Pula per share, provided that such option is exercised within a period of 20 (twenty) Business Days reckoned from the expiry of the date specified in clause 5.3.1 above and Firestone shall have no further rights under this agreement and neither the Sellers nor the Company shall have any further claim against Firestone arising therefrom.
- 5.5. In carrying out its duties, functions and obligations under this clause 4, Firestone shall comply with and adhere to :
- 5.5.1. all applicable laws and prudent prospecting and mining practice;
- 5.5.2. all or any resolution(s) of the Board or the Members;



5.6. Save always for the provisions of clause 5.5 above, Firestone shall have the fullest and widest discretion in carrying out its duties, functions and obligations during the Exploration Phase.

5.7. The Parties shall enter into the Shareholders Agreement as soon as possible after the First Sale Date.

6. SALE AND TRANSFER OF SHARES – SECOND TRANCHE

6.1. With effect from the Second Sale Date, the Seller shall sell to the Purchaser who shall purchase such number of ordinary shares in the capital of the Company as comprises 12% (twelve percent) of all the issued shares in the capital thereof so that pursuant thereto all the issued shares in the capital of the Company shall be held by :

6.1.1. Firestone as to 87.5 % (eighty-seventy point five percent) thereof; and

6.1.2. Southern Era as to 12.5 % (twelve point five percent) thereof;

6.2. In consideration for the sale and transfer of the shares under clause 6 above, Firestone shall deliver to the Company the Bankable Feasibility Study.

7. DELIVERY

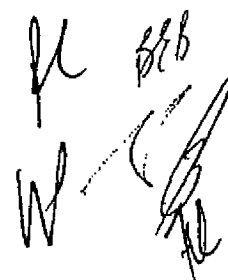
7.1. As soon as possible but in any event within 5 (five) Business Days after the respective effective dates of the sales under clauses 5 and 6 above, the Seller shall deliver to Firestone:

7.1.1. the share certificates in respect of the said shares together with securities transfer forms, duly signed in blank; and

7.1.2. a resolution of the Board and the Members authorising the sale and transfer thereof into the name of Firestone or its nominee;

7.2. All or any costs incurred in the transfer of shares as contemplated under this Agreement (including but not limited to, in respect of the creation, allotment and issue of any additional shares or any change in the capital structure of the Company as may be required in order to give effect to the provisions of this Agreement) shall be borne by the Company;

7.3. Ownership of and risk and benefit in and to the said shares shall be deemed to have passed from the Sellers to Firestone with effect from the respective effective dates.



8. REVENUE SHARING AGREEMENT

8.1. Firestone shall assume a portion of Southern Era's liability to Canberra International Limited ("Canberra") under the Revenue Sharing Agreement such that:

8.1.1. Canberra's entitlement to be paid an ongoing Revenue Share of an amount equivalent to 1.5% (one point five percent) of 70% (seventy percent) of the Gross Revenue generated by the Company in the course of exploiting BK16 ("the Revenue Share Amount") in perpetuity, will be paid as follows:

8.1.1.1. 17.9% (seventeen point nine percent) of the Revenue Share Amount shall be paid to Canberra by Southern Era; and

8.1.1.2. 82.1% (eighty two point one percent) of the Revenue Share Amount shall be paid to Canberra by Firestone.

8.2. Southern Era shall procure that the parties to the Revenue Sharing Agreement agree in writing that the liability of Firestone thereunder shall be separate and not joint and several.

9. WARRANTIES

9.1. The Seller hereby gives to Firestone the warranties and representations set out in Schedule 1 hereto.

9.2. Firestone has entered into this Agreement on the strength of the warranties given to it by the Seller whether in Schedule 1 or elsewhere in this Agreement and on the basis that such warranties will be correct as at the Signature Date, the First Sale Date and at all other times relevant to the implementation of this transaction.

10. INDEMNITIES

10.1. The Seller indemnify the Purchaser against all loss, liability, damage or expense which the Purchaser may suffer or sustain as a result of or which may be attributable to -

10.1.1. any actual liability or contingent liability of the Company arising prior to the First Sale Date;

10.1.2. any liabilities arising as a result of any breach of contract on the part of or delict committed by the Company prior to the First Sale Date;

10.1.3. any liability arising as a result of a breach of warranty; or

10.1.4. the reopening of any tax assessment of the Company as a result of which additional tax is assessed and/or an assessed loss is reduced.

11. THE EXPLORATION PHASE

- 11.1. It is recorded that the Seller shall not be required to contribute towards exploration costs during the Exploration Phase and that the Sellers will thus have a free carry in respect of their shares in the capital of the Company ("the Free Carry Shares") during the Exploration Phase;
- 11.2. The Seller will be entitled at any time during the Exploration Phase to request the Purchaser to purchase the Free Carry Shares from the Seller for a price to be negotiated between the Parties;
- 11.3. In the event that the Seller and the Purchaser cannot agree on a price for the Free Carry Shares, Independent Valuers will be appointed by the Parties to value the Free Carry Shares;
- 11.4. Such Independent Valuers shall:
- 11.4.1. act as experts and not as arbitrators;
 - 11.4.2. adopt such basis of valuation as they in their absolute discretion consider fair, equitable and reasonable and such principles and procedures as they in their absolute discretion deem fit;
 - 11.4.3. determine the liability for their charges;
 - 11.4.4. notify all interested Parties in writing of their determination within 40 (forty) Business Days of receiving instructions to make such determination, by which such Parties will be bound. Should the Independent Valuers indicate within 5 (five) Business Days that 40 (forty) Business Days are insufficient, then the period shall be extended and determined by the auditors who shall advise all interested Parties accordingly,
 - 11.4.5. and his / her determination shall be final and binding on all Parties affected thereby.
- 11.5. The Seller may not sell the Free Carry Shares to any third party during the Exploration Phase;
- 11.6. Subject to remaining liable for any environmental rehabilitation required as a result of work undertaken during the Exploration Phase, the Purchaser shall be entitled, at any time during the Exploration Phase to either:
- 11.6.1. put its shares to the Seller at a price of 1 (one) Pula per share; or

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11.6.2. offer its shares to the Seller at such price as may be determined in accordance with the provisions of clause 11.3 and 11.4 above, failing which it may sell its shares to a third party.

11.7. It is recorded and agreed, for the avoidance of doubt, that Southern Era shall not have any claim against the Company or the other Parties arising out of the Southern Era Consideration or for the repayment thereof or any part thereof.

12. BANKABLE FEASIBILITY STUDY

12.1. After the completion of the Bankable Feasibility Study, any shares held by the Seller will cease to be Free Carry Shares and the Seller shall be required to contribute *pro rata* its shareholding towards the costs of the Company in the ordinary course of business;

12.2. The Parties agree that at this stage the Seller may elect to:

12.2.1. contribute *pro rata* its shareholding to mine development as set out in clause 12.1 above; or

12.2.2. convert its shares to a royalty (which royalty will be detailed in the Shareholders Agreement); or

12.2.3. sell its shares to the Purchaser (and the provisions of clauses 11.3 and 11.4 shall *mutatis mutandis* apply); or

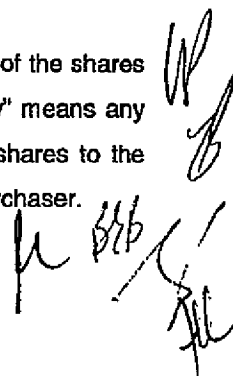
12.2.4. dilute its interest in the company on the basis as is normally done in agreements of this nature; or

12.2.5. if it wishes to sell its shares to a third party, it may do so, subject to the provisions of clause 13.

12.3. The Parties agree that after the delivery of a Bankable Feasibility Study, the Government of Botswana shall be entitled to take up shares in any mining company created to mine the Site and if the Government should do so, the shareholders shall be diluted *pro rata* to their shareholding at such time.

13. PRE-EMPTIVE RIGHTS

13.1. Should the Seller, after the Bankable Feasibility Study, wish to sell some or all of the shares in the Company to any third party (for the purposes of this clause "third party" means any person not in the immediate family of the Seller), they shall first offer such shares to the Purchaser by means of delivering a written notice of "intention to sell" to the Purchaser.

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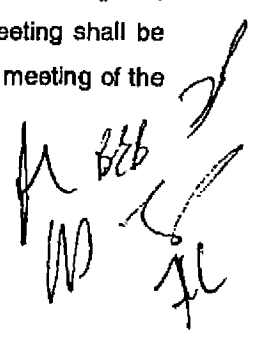
- 13.2. The Seller and the Purchaser shall appoint the Independent Valuer to value such shares (at the cost of the Purchaser) and the provisions of clauses 11.3 and 11.4 shall *mutatis mutandis* apply and the Purchaser shall be entitled to purchase some or all of the Seller's shares from the Seller at such price.
- 13.3. Should the Purchaser not wish to purchase some or all of the shares at that price, the Seller shall be entitled to sell such shares that the Purchaser does not wish to purchase to any third party willing to pay such price and purchase the shares on the same terms and conditions as those offered to the Purchaser.

14. **SHAREHOLDER PROVISIONS**

The provisions of clauses 15 to 18 below inclusive shall apply with effect from the First Sale Date.

15. **DIRECTORS**

- 15.1. Unless otherwise determined by the Members, the Board shall comprise 4 (four) members of whom:
 - 15.1.1. 3 (three) shall be appointed by Firestone; and
 - 15.1.2. 1 (one) shall be appointed by Southern Era;
- 15.2. Each member shall furthermore be entitled to:
 - 15.2.1. remove its appointed director(s) and replace any such director who is removed or who ceases for any reason to be a director of the Company;
 - 15.2.2. appoint 1 (one) alternate director to each such director and to remove, replace and fill any vacancy in any such appointment as director or alternate director.
- 15.3. Any appointment and/or removal and/or replacement in terms of the preceding provisions of this clause 15 shall be made by written notice to the Company, signed by the Member exercising such right and shall be operative as soon as any such written notice is received at the registered offices of the Company.
- 15.4. The Company shall ensure that adequate notice of meetings of the Board are given to all directors and, unless 10 (ten) Business Days written notice to all directors has been given, which notice shall contain a copy of the proposed agenda, no directors' meeting shall be validly called, provided that in the event that all the directors agree thereto, a meeting of the Board may be called on such notice as may have been agreed to.



15.5. Notwithstanding the preceding provisions of this clause 15, meetings of Board are to be held at least once every 12 (twelve) months, with effect from the Signature Date, at such place as the directors may from time to time determine.

16. QUORUMS AT MEETINGS AND RESOLUTIONS

16.1. Quorums at meetings of:

16.1.1. the Board shall consist of at least 3 (three) directors (of whom at least 2 shall be the appointees of Firestone) present or represented at such meeting; and

16.1.2. the Members shall consist of both Members present or represented at such meeting.

16.2. If within half an hour after the time appointed for the meeting of the Board or the Members, as the case may be, a quorum is not present, the meeting shall stand adjourned and shall reconvene at the same time and place on the 10th (tenth) Business Day following the meeting concerned and if at such reconvened adjourned meeting a quorum is not present within half an hour after the time appointed for the meeting, the directors or the Members, as the case may be, present in person or duly represented shall constitute a quorum.

16.3. No resolution of the Members of the Company shall be passed unless the holder(s) for the time being of more than 50% (fifty percent) of all the issued shares in the capital of the Company shall have consented thereto and any resolution which is passed in breach thereof shall be of no force and effect provided that any resolution which is passed at any meeting held in accordance with clause 16.2 shall be valid and effectual in all respects as if it had been passed in accordance with the preceding provisions of this clause 16.3.

16.4. Resolutions signed in writing by the directors of the Company or the Members (as the case may be) and being not less than are sufficient to form a quorum shall be as valid and effectual as if passed at a meeting of the Board or the Members (as the case may be) and any such resolution may consist of several documents, each of which may be signed by one or more of such directors or Members (as the case may be) and shall be deemed (unless a statement to the contrary is made in that resolution) to have been passed on the date on which it was signed by the last person who signed it.

16.5. The Board and the Members may conduct meetings and resolutions may be passed using telephone conference or other similar electronic communications facilities provided always that:

16.5.1. the directors of the Company or the Members, as the case may be, are able to fully participate in all deliberations of the meeting concerned and are capable of

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hearing and being heard by all the directors or the Members participating at the relevant meeting;

16.5.2. the requisite quorums are met; and

16.5.3. the resolutions passed at the meeting are reduced to writing and signed by the directors of the Company or the Members of the quorum present by not later than 10 (ten) Business Days after the date of the meeting.

17. COME ALONG (MAJORITY CALLS)

17.1. If at any time a Member (or Members) ("the Majority Member") holding not less than 75% (seventy five percent) of all the issued shares in the capital of the Company receives an offer for all the issued shares in the capital of the Company ("the Offer") from a third party dealing *bona fide* and at arm's length ("the Offeror") which it wishes to accept, then the following provisions shall apply:

17.1.1. the Majority Member shall forthwith and in writing furnish the other Member ("the Other Member") with full details of the Offer;

17.1.2. within 20 (twenty) Business Days of receipt of the said details, any Other Member shall be entitled to purchase from the Majority Member its entire shareholding at the same price and on the same terms and conditions *mutatis mutandis* contained in the Offer;

17.1.3. if the Other Member elects not to purchase the shares as provided for in clause 17.1.2 above, then the Other Member shall be entitled and obliged to sell its entire shareholding in the Company to the Offeror at the same price and on the same terms and conditions contained in the Offer *mutatis mutandis* and the Majority Member shall not accept the Offer unless the Offeror so purchases the shareholding of the Other Member and at the same time procures that the Company discharges all amounts owing on loan account to the Other Member by the Company and any of its subsidiaries; and

17.1.4. should the Other Member acquire all the other shares of the Majority Member pursuant to the provisions of clause 17.1.2 above, then it shall procure that the Company shall simultaneously discharge all amounts owing on loan account by the Company to the Majority Member so selling for which obligation it shall be liable jointly and severally.

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17.2. The provisions of clause 17.1 above shall only apply if:

17.2.1. the third party is dealing *bona fide* and at arm's length; and

17.2.2. the Offer includes terms and conditions relating to the purchase price, the terms as to payment thereof and the terms as to the provisions of security (if any) for the payment thereof.

18. TAG ALONG (MINORITY CALLS)

If at any time a Member ("the Majority Member") individually or collectively holding not less than 75% (seventy five percent) of all the issued shares in the capital of the Company receive an offer for its shares in the capital of the Company ("the Offer") from a third party dealing *bona fide* and at arm's length ("the Offeror") which it wishes to accept, then the following provisions shall apply:

18.1. the Majority Member shall forthwith and in writing furnish the other Member ("the Minority Member") with full details of the Offer including, without limitation, the price, terms of payment, terms of security for payment (if any) and the identity of the Offeror and its direct or indirect controllers (if applicable);

18.2. the Minority Members shall be entitled, by notice in writing to such effect to the Majority Member, within 20 (twenty) Business Days of receipt of the notice contemplated in clause 18.1, to require that its shares in and claims on loan account against the Company ("the Minority Equity") be acquired by the Offeror at the same price and upon the same terms and conditions *mutatis mutandis* as are contained in the Offer; and

18.3. the Majority Member shall not be entitled to accept the Offer unless the Offeror purchases the Minority Equity offered for sale in terms of clause 18.2.

19. DISPUTE RESOLUTION: NEGOTIATION, MEDIATION THEN ARBITRATION

19.1. Save for that which is contained in clause 11.4 above should any dispute, disagreement or claim arise between the Parties ("the dispute") concerning this Agreement the Parties shall endeavour to resolve the dispute by negotiation.

19.2. This entails one of the Parties inviting the other or others in writing to meet and to attempt to resolve the dispute within 10 (ten) Business Days from date of written invitation.

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19.3. If the dispute has not been resolved by such negotiation within 10 (ten) Business Days of the commencement thereof by agreement between the Parties, then the Parties shall:

19.3.1. submit the dispute to mediation to be administered by the Arbitration Foundation of Southern Africa, upon such terms as agreed between the Parties and the secretariat of the Arbitration Foundation of Southern Africa; and

19.3.2. failing agreement as aforesaid within 10 (ten) Business Days of the dispute being submitted to mediation, the Parties shall refer the dispute to arbitration as provided in clause 19.5.

19.4. The decision of the Mediator shall become final and binding within 10 (ten) Business Days of delivery thereof to the Parties, unless one or either of the Parties disputes the Mediator's decision by written notice to the other Party within the aforesaid 10 (ten) Business Day period, in which event the dispute shall be referred to arbitration in accordance with the provisions of clause 19.5.

19.5. Failing agreement as referred to in clause 19.3.2 or in the event of either of the Parties furnishing its notice of dispute within 10 (ten) Business Days of the Mediator's decision as envisaged in terms of clause 19.4, the dispute shall be submitted to arbitration for final resolution in accordance with the rules of the Arbitration Foundation of Southern Africa by an arbitrator or arbitrators appointed by the Foundation.

19.6. Unless otherwise agreed in writing by all the Parties, any such negotiation, mediation or arbitration shall be held in Cape Town.

20. BREACH

20.1. If any of the Parties commits a breach of this Agreement and/or fails to comply with any of the provisions hereof ("the Defaulting Party"), then the other Party ("the Innocent Party") shall be entitled to give the Defaulting Party 10 (ten) Business Days notice in writing to remedy such breach and/or failure and if the Defaulting Party fails to comply with such notice, then the Innocent Party shall forthwith be entitled but not obliged, without prejudice to any other rights or remedies which the Innocent Party may have in law, including the right to claim damages:

20.1.1. to cancel this Agreement; or

20.1.2. to claim immediate performance and/or payment of all the Defaulting Party's obligations in terms hereof.

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20.2. Notwithstanding the provisions of clause 20.1 above, no Party shall be entitled to cancel this Agreement unless the breach complained of is a material one going to the root of this Agreement.

21. DOMICILIA

21.1. For the purposes of the giving of notices and the serving of legal process in terms of this Agreement, each of the Parties chooses a domicilium citandi et executandi ("domicilium") at their respective addresses set out in clause 1 above;

21.2. Any Party may at any time, by notice in writing to the other Parties, change its domicilium to any other address which is not a post office box or post restante;

21.3. Any notice given in connection with this Agreement shall, save where a particular form of notice is stipulated, be :

21.3.1. delivered by hand; or

21.3.2. sent by courier; or

21.3.3. sent by telefax (if the domicilium includes a telefax number),

to the domicilium chosen by the Party concerned;

21.4. A notice given as set out above shall be deemed to have been duly given (unless the contrary is proved) :

21.4.1. if delivered by hand, on the date of delivery; or

21.4.2. if sent by courier, on the date of delivery by the courier service concerned; or

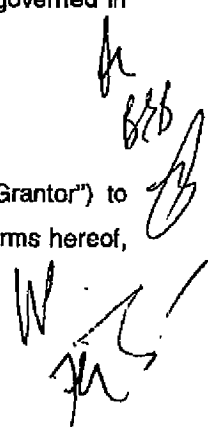
21.4.3. if sent by telefax, on the expiration of 24 (twenty four) hours after the time of transmission.

22. GOVERNING LAW

Save as expressly provided to the contrary elsewhere herein, this Agreement shall be governed in terms of the laws of the Republic of South Africa.

23. GENERAL

23.1. No relaxation, indulgence or extension of time granted by any Party ("the Grantor") to another Party shall be construed as a waiver of any of the Grantor's rights in terms hereof,



or a novation of any of the terms of this Agreement or estop the Grantor from enforcing strict and punctual compliance with the terms of this Agreement.

23.2. No variation of, addition to, consensual cancellation of or waiver of any right arising in terms of this Agreement (including this clause 23.2) shall be of any force or effect unless it is reduced to writing and signed by a duly authorised representative of each of the Parties.

23.3. This Agreement constitutes the entire agreement between the Parties in relation to the subject matter thereof and no Party shall accordingly be bound by any undertaking, representation or warranty not recorded therein.

24. **COSTS**

Each Party shall bear its own costs in relation to the drafting and finalisation of this Agreement and attendances incidental thereto.

25. **SUPERSESION**

Southern Era, Firestone and the Company agree and undertake that no Party has any claim against the others arising out of the Joint Venture Agreement and they record and agree that the provisions thereof are entirely cancelled and superseded by the provisions of this Agreement.

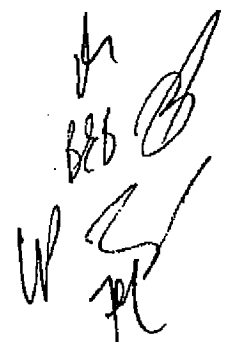
26. **COUNTERPARTS**

This Agreement may be signed in any number of counterparts, each of which shall be an original, but all of which together shall constitute a single indivisible agreement.

27. **JOINT AND SEVERAL LIABILITY**

27.1. H Gibbons and W Gibbons shall be jointly and severally liable for the due fulfilment of all their duties, functions and obligations under this Agreement and they do hereby renounce the benefits of excussion, division and cession of action;

27.2. The Sellers shall be jointly and severally liable for the due fulfilment of all their duties, functions and obligations under this Agreement and they do hereby renounce the benefits of excussion, division and cession of action.

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For: **FIRESTONE DIAMONDS LIMITED**

Signature: 
who warrants that he / she is duly authorised thereto

Name: Philip Kenny


Date: 25/6/08

Place: London

Witness: 

Witness: 

For: **SOUTHERN ERA INTERNATIONAL LIMITED**

Signature: 
who warrants that he / she is duly authorised thereto

Name: A MACPHEE


Date: 25-06-08

Place: Johannesburg

Witness: 

Witness: 


For: **KENROD ENGINEERING SERVICES (PROPRIETARY) LIMITED**

Signature: 
who warrants that he / she is duly authorised thereto

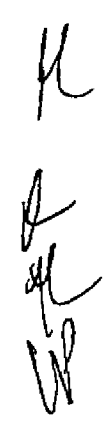
Name: A MACPHEE

Date: 25-06-08

Place: Torquay

Witness: 

Witness: 

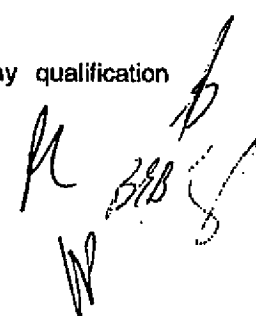


1. WARRANTIES BY SELLER

Schedule 1

The Seller hereby declares and warrants In favour of the Purchaser that as at the Signature Date, the First Sale Date, the Second Sale Date and at all other times relevant to this Agreement and the implementation thereof that :

- 1.1. the Company is duly incorporated as a private company with limited liability according to the laws of the Botswana;
- 1.2. the Seller has the right, power and authority to sell the said shares, free from any option, right of first refusal or charges whatsoever;
- 1.3. all statutory requirements in connection with the administration of the affairs of the Company will have been complied with including and in respect of company law and income tax and including the Mines and Minerals Act and all or any ordinances or regulations or proclamations appertaining to the business of the Company;
- 1.4. the only assets of the Company will be the Prospecting Licences and the Company will own the Prospecting Licences "free and clear," without any liens, charges or other encumbrances;
- 1.5. the Company is compliant with all provisions and conditions appertaining to the Prospecting Licences and no cancellation or non-renewal of the Prospecting Licences has been indicated or threatened by the Department, the Minister or any other responsible authority/ies;
- 1.6. the Company is not bound by any other agreement;
- 1.7. the audited financial statements of the Company as at (specify date) :
 - 1.7.1. comply with the Company Law requirements of Botswana;
 - 1.7.2. where prepared in conformity with generally accepted accounting practice;
 - 1.7.3. fairly present the affairs of the Company as at the relevant date;
 - 1.7.4. make full provision for all liabilities (accrued or contingent);
 - 1.7.5. were prepared on the same basis as the audited financial statements for the immediately preceding financial year of the Company; and
 - 1.7.6. were signed by the auditors of the Company without any qualification whatsoever;



- 1.8. the Company will discharge each and every obligation and/or liability of the Company, actual or contingent, which arose and was incurred prior to the First Sale Date, including taxes (if any) which may be levied on the Company in respect of any period up to and including the First Sale Date and any other amounts owing by the Company for which the Company may be liable up to and including the First Sale Date for which liability the Seller hereby bind themselves jointly and severally with the Company as sureties and co-principal debtors and hereby renounce the benefits of excussion, division and cession of action;
- 1.9. the Company's books and records have been fully and properly maintained according to law and are capable of being written up within a reasonable time so as to record all of the transactions of the Company;
- 1.10. the minute books of the Company contain all of the resolutions passed by its directors and members;
- 1.11. the Company is not and will not be engaged in litigation, nor will any law suits or arbitration proceedings or criminal proceedings be pending or threatened against the Company.
- 1.12. and the Seller hereby declares and warrants in favour of the Purchaser that between the Signature Date and the First Sale Date, that it will not do or omit to do anything which does or is likely to reduce the value of the Prospecting Licences or the Company or otherwise prejudice the rights and interests of the Purchaser under this Agreement.

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