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REVENUE SHARING AGREEMENT

entered into between

CANBERRA INTERNATIONAL LIMITED

An international company registered in accordance with the laws of the Commonwealth of the Bahamas under registration no: 146480

and

CHRISTOPHER MCKNIGHT

Identity No. 6412165008088

and

SOUTHERNERA INTERNATIONAL LIMITED (or its nominee)

Registry No: 91353



WHEREBY IT IS AGREED AS FOLLOWS:

1. INTERPRETATION AND PRELIMINARY

The headings of the clauses in this Agreement are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof. In this Agreement, unless a contrary intention clearly appears:

1.1. words importing:

1.1.1. any one gender include the other two genders;

1.1.2. the singular include the plural and *vice versa*; and

1.1.3. natural persons include created entities (corporate or unincorporate) and the state and *vice versa*;

1.2. the following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely:

1.2.1. "**Agreement**" means this revenue sharing agreement, including all annexures and/or schedules attached hereto;

1.2.2. "**Audited Financials**" means the audited financials of NewCo or any other entity affiliated to SDM involved in, and/or benefiting from, the exploitation of BK16;

1.2.3. "**BK16**" means the diamondiferous pipe in the Orapa region of Botswana known as BK16;

1.2.4. "**BK16 Prospecting Rights**" means the prospecting rights to BK16 that are held by Kenrod in terms of Prospecting Licence 03/2005;

1.2.5. "**Canberra**" means Canberra International Limited, a company incorporated in accordance with the company laws of the Commonwealth of the Bahamas under registration number 146480 with its administrative address at Kingsway House Havilland Street, St Peter Port, Guernsey (and a postal address at PO Box 393, St Peter Port, Guernsey, GY1 3FN);

1.2.6. "**Commencement Date**" means 5 March 2007, notwithstanding the Signature Date;

1.2.7. "**Government**" means the Government of Botswana;



- 1.2.8. "**Gross Revenue**" means the gross revenue generated by NewCo, in the course of exploring, prospecting and mining BK16, prior to any costs relating to such mining or the running of NewCo and/or the exploring, prospecting and mining of BK16 (or arising from any cause whatsoever) having been deducted;
- 1.2.9. "**HBR**" means Horizon Blue Resources (Proprietary) Limited (Registration No. 2004/015195/07) of Ground Floor, Building No.2, Silver Point Office Park, 22 Ealing Crescent (off Main Road) Bryanston 2191 South Africa, with fax no. +2711 463 2714;
- 1.2.10. "**Kenrod**" means Kenrod Engineering Services (Proprietary) Limited (Registration No. 99/594) of Plot 134, Independence Avenue Gaborone Botswana;
- 1.2.11. "**Letter Agreement**" means the letter agreement entered on or about 05 March 2007 between SDM and McKnight;
- 1.2.12. "**McKnight**" means Christopher McKnight (Identity No. 6412165008088) of Ground Floor, Building No.2, Silver Point Office Park, 22 Ealing Crescent (off Main Road) Bryanston 2191 South Africa with fax no. +2711 463 2714 or his nominee;
- 1.2.13. "**NewCo**" means any company and/or other other entity that SDM as a holder, or joint holder, as the case may be, of the rights to exploit BK16, shall establish in order to mine and perform related activities in the exploitation of the BK16 Prospecting Rights and which shall hold the economic and beneficial interest in BK16, which entity may be Kenrod;
- 1.2.14. "**Parties**" means Canberra, McKnight and SDM, collectively;
- 1.2.15. "**Party**" means either Canberra, McKnight or SDM, as the context may indicate;
- 1.2.16. "**Revenue Share**" means the revenue share referred to in clause 4.1 below;
- 1.2.17. "**SDM**" means SouthernEra International Limited (Registry No. 91353), Incorporated in the Cayman Islands, which chooses as its domicilium address as c/o Aston Corporate Managers, PO BOX 1981, The Charles Building, 189 North Church Street, Grand Cayman, Cayman Islands, BWI, with a copy to fax number: +2711 318 0254 (or its nominee, assignee or successor in title);
- 1.2.18. "**SDM Shareholding**" means the beneficial interest or shareholding held by SDM in NewCo which shareholding percentage shall not be less than 70% (seventy percent);



- 1.2.19. **"SouthernEra Group"** means SDM, any holding company of SDM, and subsidiary and associate companies of SDM from time to time;
- 1.2.20. **"Signature Date"** means the date upon which the last Party signing this Agreement does so, provided that both Parties sign this Agreement; and
- 1.2.21. **"Thandeka"** means Thandeka Exploration (Proprietary) Limited (Registration No. 2005/028132/07) of Ground Floor, Building No.2, Silver Point Office Park, 22 Ealing Crescent (off Main Road) Bryanston 2191 South Africa ;
- 1.3. any reference to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time and includes any subordinate legislation made from time to time under such enactment;
- 1.4. if any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, notwithstanding that it is only in the definition clause, effect shall be given to it as if it were a substantive provision in the body of the Agreement;
- 1.5. when any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday in Botswana;
- 1.6. where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail;
- 1.7. expressions defined in this Agreement shall bear the same meanings in schedules or annexures to this Agreement which do not themselves contain their own conflicting definitions;
- 1.8. reference to day/s, month/s or year/s shall be construed as Gregorian calendar day/s, month/s or year/s;
- 1.9. the use of any expression in this Agreement covering a process available under Botswana law such as a winding-up (without limitation *eiusdem generis*) shall, if any of the Parties to this Agreement is subject to the law of any other jurisdiction, be construed as including any equivalent or analogous proceedings under the law of such defined jurisdiction;
- 1.10. where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the meaning ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this interpretation clause;



- 1.11. the expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this;
- 1.12. the rule of construction that a contract shall be interpreted against the Party responsible for the drafting or preparation of the contract, shall not apply;
- 1.13. any reference in this Agreement to a Party shall include a reference to that Party's assigns expressly permitted under this Agreement and, if such Party is liquidated or sequestrated, be applicable also to and binding upon that Party's liquidator or trustee, as the case may be;
- 1.14. the words "include", "including" and "in particular" shall be construed as being by way of example or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding word/s;
- 1.15. any reference in this Agreement to any other agreement or document shall be construed as a reference to such other agreement or document as same may have been, or may from time to time be, amended, varied, novated or supplemented; and
- 1.16. the words "other" and "otherwise" shall not be construed *eiusdem generis* with any preceding words where a wider construction is possible.

2. INTRODUCTION

2.1. The Parties wish to record that:

2.1.1. Kenrod is the holder of the BK16 Prospecting Rights.

2.1.2. HBR is the wholly owned subsidiary of McKnight.

2.1.3. HBR, through its wholly owned subsidiary, Thandeka, entered into an agreement with Kenrod in terms of which, *inter alia*, Thandeka obtained the rights to earn in up to 70% (seventy percent) of the issued share capital in Kenrod.

2.1.4. On or about 05 March 2007, SDM entered into the Letter Agreement with McKnight (representing HBR and Thandeka and, by special appointment, Canberra) in terms of which, *inter alia*, the parties recorded the terms and conditions according to which:

2.1.4.1. HBR introduced SDM to the opportunity to participate in the exploitation of the BK16 Prospecting Rights held by Kenrod; and



2.1.4.2. Thandeka ceded and assigned its rights to earn in 70% (seventy percent) of the issued share capital in Kenrod, to SDM.

2.1.5. SDM and Kenrod (and any other shareholders of Kenrod, if applicable) intend establishing NewCo in order to mine and perform related activities in the exploitation of the B16 Prospecting Rights.

2.1.6. In terms of clauses 9 and 10 of the Letter Agreement, and as consideration for the introduction and cession in clause 2.1.4 above, SDM agreed that McKnight or his nominee shall be entitled to an ongoing Revenue Share of an amount equivalent to 1.5% (one comma five percent) of revenue generated by any mine established by to exploit BK16 and pro-rated according to SDM's (or its nominee's or assignee's) shareholding in the mine in perpetuity.

2.1.7. The Parties wish to enter into this Agreement in order to record the terms and conditions according to which McKnight (or his nominee) shall be entitled to the Revenue Share referred to in clauses 9 and 10 of the Letter Agreement.

3. APPOINTMENT OF CANBERRA

McKnight hereby appoints Canberra, who accepts such appointment, as his nominee to exercise the entitlement to the Revenue Share according to the terms and conditions contained in this Agreement.

4. ENTITLEMENT TO REVENUE SHARE

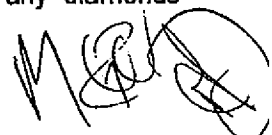
4.1. Canberra shall be entitled to be paid, by SDM, an ongoing Revenue Share which will be an amount equivalent to 1.5% (one point five percent) of the Gross Revenue generated by NewCo in the course of exploiting BK16, in perpetuity, pro-rated in accordance with SDM Shareholding in Newco.

4.2. SDM hereby undertakes and warrants to Canberra that the Revenue Share mentioned in clause 4.1 shall be paid by SDM to Canberra in US\$ (United States Dollars) on a quarterly basis (being 31 March, 30 June, 30 September and 31 December of each year) from the Commencement Date, as applicable.

4.3. On each payment date, regardless of whether or not payment has been made on such date, SDM shall account to and furnish Canberra with a detailed statement itemizing the details of the Gross Revenue received by Newco during the period to which such accounting relates.

4.4. SDM agrees that it shall ensure that:

4.4.1. on a quarterly basis (as set out in clause 4.2 above), Canberra shall receive a detailed breakdown of sales figures relating to the sale of any diamonds extracted from BK16; and



- 4.4.2. Canberra receives the Audited Financials of Newco annually, no later than 1 (one) month after the finalisation of such Audited Financials.
- 4.5. SDM agrees, and shall procure that NewCo shall agree that Canberra shall have the right to appoint a chartered accountant to inspect NewCo's books and records insofar as they relate to the calculation and payment of receipts and earnings and the calculation of the Gross Revenue.
- 4.6. Any such inspection shall take place on reasonable notice not more than once in any period of 12 (twelve) months. Where such audit shows an underpayment to Canberra of more than 5% (five percent) of the total sum due to Canberra, then SDM shall bear the reasonable and verified costs of such audit.
- 4.7. SDM agrees that McKnight, HBR and Canberra or any authorised representative shall be entitled to visit the Site from time to time upon reasonable notice to, and with the prior consent of, SDM.

5. **MODE OF PAYMENT**

The Parties agree that any payments to be made to Canberra in terms of clause 4 above shall be paid into the following account, or such other account as nominated by McKnight Entity in writing from time to time:

Barclays Private Clients International Bank

Address PO Box 41 Le Marchant Street

St Peter Port Guernsey GY1 3BE

Account Name Canberra International Limited

Account Number 77826144

Sort Code 20-35-32

IBAN GB43 BARC 2035 3277 8261 44

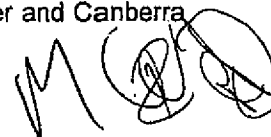


6. TRANSFER OF SDM SHAREHOLDING

- 6.1. SDM hereby agrees that it may not transfer any beneficial interest in NewCo or BK16 at any time to any third party whatsoever without prior written notice to Canberra.
- 6.2. SDM hereby agrees that, in the event of any contemplated transfer of its interest it shall procure that the obligation to pay the Revenue Share to Canberra, as contemplated in this Agreement, shall be transferred to such third party and that no transfer of its interest shall be made to any third party without the concomitant obligations which SDM has to Canberra in terms of this Agreement being transferred to such third party.
- 6.3. SDM warrants and undertakes to Canberra that the obligations set out in this Agreement shall be disclosed upfront to any proposed purchaser of the shares or assets of SDM or of NewCo, as the case may be.
- 6.4. SDM hereby further undertakes and warrants that under no circumstances, shall the Revenue Share amount payable to Canberra, by SDM and/or any third party transferee as contemplated in clause 6.2, be pro-rated by less than 70% (seventy percent).
- 6.5. The provisions of this clause 6 shall not apply in the event that either SDM or its nominee, as the case may be, transfers, or is required to transfer any part of the SDM Shareholding to Government, for no consideration, as required in terms of any taxes or duties levied on NewCo by Government, although in any such instances, SDM shall immediately be required to inform Canberra of such requirement in writing.
- 6.6. In the event that the rights to BK16 are not exploited by NewCo and/or SDM is not the entity within the SouthernEra Group which is currently deriving the benefit from BK16 (but such right is transferred to any other entity in the Southern Era Group deriving the benefit from the exploitation of BK16), the parties undertake that Canberra shall similarly be entitled to the Revenue Share contemplated herein and the terms of this Agreement shall *mutatis mutandis* apply.

7. SALE OF REVENUE SHARE

- 7.1. Should Canberra wish to dispose of its Revenue Share to any third party it shall:
- 7.1.1. offer the Revenue Share back to SDM in writing, stating the price (which shall sound in money in United States Dollars) at and the terms and conditions upon which it proposes to sell the Revenue Share;
- 7.1.2. such notice shall constitute an irrevocable offer to SDM, but should SDM not have accepted such offer in full, in writing within 30 (thirty) days upon which the notice is given, SDM shall be deemed to have declined the offer and Canberra



shall be entitled to dispose of its Revenue Share within a further period of 30 (thirty) days to any person at a price and on terms not lower and not more favourable to such person than the price and terms stated in the offer; and

7.1.3. unless Canberra disposes of all the Revenue Share within the said further period of 30 (thirty) days, it may not thereafter dispose of the Revenue Shares without again adopting the procedure referred to herein.

8. CONFIDENTIALITY

8.1. The Parties agree that all information in, or relating to, this Agreement shall be treated as confidential and shall not be disclosed to, or be discussed with, any other person except as provided for in this Agreement.

8.2. The provisions this Agreement does not prohibit disclosure of such information:

8.2.1. where the prior written consent for such disclosure has been obtained from the relevant Party;

8.2.2. where such disclosure is necessary to enforce the provisions and terms of this Agreement by way of legal action; and

8.2.3. where such disclosure is compelled by law or legislative procedure.

8.3. No Party to this Agreement shall issue any release or make any public statement regarding this Agreement save as may be agreed in writing between them or required of them by any law or legal process.

9. CO-OPERATION

Each of the Parties undertakes to:

9.1. do and to procure the doing by other persons and to refrain and procure that other persons will refrain from doing, all such acts;

9.2. pass, and to procure the passing of all such resolutions of directors or shareholders of any company, and

9.3. to the extent that the same may lie within such Party's power and may be required to give effect to this Agreement, or any contract concluded pursuant to the provisions of this Agreement.

10. **GOOD FAITH**

In the implementation of this Agreement, the Parties undertake to observe good faith and they warrant in their dealings with each other that they shall neither do anything nor refrain from doing anything which might prejudice or detract from the rights, assets or interests of any other(s) of them.

11. **NOTICES AND DOMICILIA**

11.1. Each of the Parties chooses *domicilium citandi et executandi* ("*domicillium*") for the purposes of the giving of any notice, the payment of any sum, the serving of any process and for any other purposes arising from this Agreement at their respective addresses set forth in clause 1 hereof.

11.2. Each of the Parties shall be entitled from time to time, by written notice to the others to vary its *domicilium* to any other address which is not a post office box or poste restante.

11.3. Any notice given and any payment made by a Party to any of the others ("**the addressee**") which:

11.3.1. is delivered by hand during the normal business hours of the addressee at the addressee's *domicilium* for the time being shall be presumed, until the contrary is proved by the addressee, to have been received by the addressee at the time of delivery;

11.3.2. is posted by prepaid registered post to the addressee at the addressee's *domicilium* for the time being shall be presumed, until the contrary is proved by the addressee, to have been received by the addressee on the fourth day after the date of posting.

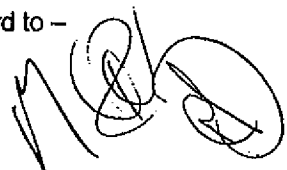
11.4. Where, in terms of this Agreement any communication is required to be in writing, the term "writing" shall include communications by telex or facsimile. Communications by telex or facsimile shall, unless the contrary is proved by the addressee, be deemed to have been received by the addressee 24 (twenty four) hours after the time of transmission.

12. **GOVERNING LAW**

This Agreement shall be governed by and construed and interpreted in accordance with the laws of Botswana.

13. **ARBITRATION**

13.1. Save in respect of those provisions of the Agreement which provide for their own remedies which would be incompatible with arbitration, a dispute which arises in regard to –



- 13.1.1. the interpretation of; or
- 13.1.2. the carrying into effect of; or
- 13.1.3. any of the parties' rights and obligations arising from; or
- 13.1.4. the termination or purported termination of or arising from the termination of; or
- 13.1.5. the rectification or proposed rectification of

this Agreement, or out of or pursuant to this Agreement or on any matter which in terms of this agreement requires agreement by the parties, (other than where an interdict is sought or urgent relief may be obtained from a court of competent jurisdiction) shall be submitted to and decided by arbitration.

13.2. That arbitration shall be held –

- 13.2.1. with only the parties and their representatives other than legal representatives, present thereat;
- 13.2.2. at Johannesburg

It is the intention that the arbitration shall, where possible, be held and concluded in 21 (twenty one) working days after it has been demanded. The parties shall use their best endeavours to procure the expeditious completion of the arbitration.

- 13.3. Save as expressly provided in this Agreement to the contrary, the arbitration shall be subject to the arbitration legislation for the time being in force in Botswana.
- 13.4. The arbitrator shall be an impartial admitted attorney whether practising or non-practising of not less than 15 years standing appointed by the parties or, failing agreement by the parties within 5 days after the arbitration has been demanded, at the request of either of the parties shall be nominated by the President for the time being of the Law Society of the Northern Provinces (or its successor body in Gauteng), whereupon the parties shall forthwith appoint such person as the Arbitrator. If that person fails or refuses to make the nomination, either party may approach the High Court of South Africa to make such an appointment. To the extent necessary, the court is expressly empowered to do so.
- 13.5. The parties shall keep the evidence in the arbitration proceedings and any order made by any arbitrator confidential.
- 13.6. The arbitrator shall be obliged to give his award in writing fully supported by reasons.
- 13.7. The provisions of this clause 13 are severable from the rest of this Agreement and shall remain in effect even if this Agreement is terminated for any reason.

13.8. The arbitrator shall have the power to give default judgment if any party fails to make submissions on due date and/or fails to appear at the arbitration.

14. GENERAL

14.1. No alteration, cancellation, variation of, or addition hereto shall be of any force or effect unless reduced to writing and signed by all Parties to this Agreement or their duly authorised representatives.

14.2. This document contains the entire agreement between the Parties and no Party shall be bound by any undertakings, representations, warranties, promises or the like not recorded herein.

14.3. No indulgence, leniency or extension of time which any Party ("**the Grantor**") may grant or show to any other Party, shall in any way prejudice the Grantor or preclude the Grantor from exercising any of its rights in the future.

14.4. This Agreement may be signed by the Parties in separate counterparts, and any set of documents shall be deemed to be an original and taken together shall constitute one and the same instrument.

15. SIGNATURE

Signed at _____ on this _____ day of _____ 2007.

As witnesses:

For CANBERRA INTERNATIONAL LIMITED

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who warrants that he / she is duly authorised thereto

A handwritten signature in black ink, appearing to be 'M. G. B.', is written in the bottom right corner of the page.

Signed at

on this

day of

2007.

For CHRISTOPHER MCKNIGHT:

As witnesses:

1

2

Signed at Johannesburg

on this 5th

day of November

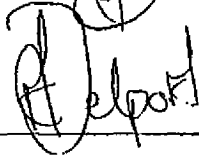
2007.

As witnesses:

1



2



For: SOUTHERNERA INTERNATIONAL LIMITED



M. A. KUTZINGER

who warrants that he / she is duly authorised thereto