



**ADDENDUM TO MINING LEASE AGREEMENT NO. 26526
(INCLUDING MINING LEASE FOR MAIN PIPE AT
LIQHOBONG)**

between

THE GOVERNMENT OF THE KINGDOM OF LESOTHO

and

**LIQHOBONG MINING DEVELOPMENT COMPANY (PTY) LTD
& OTHERS**



WEBBER  NEWDIGATE

ATTORNEYS • NOTARIES • CONVEYANCERS

Government of Lesotho
General Receipt



Muso oa Lesotho
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ADDENDUM
to
MINING LEASE AGREEMENT
DATED 12th JUNE 2001
AND REGISTERED IN THE DEEDS REGISTRY AT MASERU
ON 7 NOVEMBER 2001 UNDER NO. 26526

Entered into by

THE GOVERNMENT OF THE KINGDOM OF LESOTHO
("The Government")

and

LIQHOBONG MINING DEVELOPMENT COMPANY (PROPRIETARY)
LIMITED

a company organised in accordance with the laws of the Kingdom of Lesotho,
Company Number 96/97
("the Mining Company")

and

MINEGEM INC

a Company organised in accordance with the laws of Canada, Ontario, Corporation
Number 757089
("Minegem")

and

BECKSHAM CORPORATION

a public Company incorporated in accordance with the laws of Barbados, Company
Number 12218
("Becksham C")

and

BECKSHAM LIMITED

a public Company incorporated in accordance with the laws of British Virgin Islands,
Ibc Number 148299
("Becksham Ltd")

and

EUROPEAN DIAMONDS PLC

a public Company incorporated in accordance with the laws of the United Kingdom,
Corporation No.
("EPD")



WHEREAS the Government, the Mining Company, Minegem, Becksham C and Becksham Ltd, entered into an Agreement on 12 June 2001 (the "Mining Agreement"), to provide for the mining of diamond deposits in the Satellite Pipe at Liqhobong as well as a prospecting licence with respect to the main pipe at Liqhobong on the terms and conditions of the Agreement, the Mining Lease and the prospecting licence.

AND WHEREAS European Diamonds has purchased an interest in the Mining Company and wishes to obtain transfer of such shares into its name, but is required to, in writing, agree to be bound *mutatis mutandis* by the provisions of the Mining Agreement and to hold such shares on the same terms and conditions as if the said shares had remained registered in the name of Becksham Limited and Becksham C.

AND WHEREAS the Government has agreed to the Mining Company having the right to mine the diamond deposits in the Main Pipe at Liqhobong in the area hereinafter defined as the Production Area, in the Kingdom of Lesotho.

NOW THEREFORE, the Parties agree as follows:

1. Parties to the Agreement

EPD hereby agrees to be bound *mutatis mutandis* by the provisions of the Mining Agreement as well as this Addendum thereto and specifically accepts the obligations as set out in clause 30 of the Mining Agreement.

2. Signatories' Authorities

The authority of the signatories hereto on behalf of the parties, pursuant to which they have signed this Addendum, have been exchanged and found in good order.

3. Clauses Amended

It is hereby agreed that the hereinaftermentioned clauses of the Mining Agreement are to be amended in the manner set out herein and that the remaining clauses of the Mining Agreement, not so amended, shall remain in full force and effect:

3.1 Clause 2 (d) "Commencement of Commercial Production" – is deleted and replaced with:

"Commencement of Commercial Production" means insofar as the Satellite Pipe is concerned, the first day of the month following the period in which either the Mining Company operates the Satellite Pipe plant and equipment at not less than sixty-six point sixty-six percent (66,66%) of its design capacity of thirty five thousand tons per month, or the Mining Company has treated in its Satellite Pipe plant material from the Production Area aggregating one hundred thousand tons, whichever is the earlier. Insofar as the Main Pipe is concerned, it means the first day of the month following the period in which

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the Mining Company operates the Main Pipe plant and equipment at not less than sixty-six point sixty-six percent (66.66%) of its design capacity of sixty thousand tons per month.”

3.2 Clause 2 (i) is amended to include:

“Main Pipe” means the kimberlite pipe located within the Production Area marked M1 to M 25 on Annexure 1 to the Mining Lease”.

3.3 Clause 2 (j) “Mining Lease” is deleted and replaced with.

“Mining Lease” means the Mining Lease referred to in paragraph 6(a) hereof which shall be in the form attached to the Addendum as Annexure “A”.

3.4 Clause 2(l) “Other Parties to this Agreement” – is deleted and replaced with:

“Other Parties to this Agreement” means Minegem, Becksham C, Becksham Ltd and EPD.”

3.5 Clause 3 (b) - Is deleted and replaced with:

“All funds required by the Mining Company to conduct operations hereunder up to the Satellite Pipe Commencement of Commercial Production shall be provided by Becksham Ltd., Becksham C, Minegem and EPD by subscription for the share capital or by loans to the Mining Company. Such loans shall be denominated in United States Dollars (US\$). All funds required for upgrading and amending the plant, equipment and infrastructure to mine the Main Pipe shall similarly be provided by Becksham Ltd., Becksham C, Minegem and EPD by subscription to share capital or by loans to the Mining Company. Such subscription and loans shall be in accordance with paragraph 3.”

3.6 Clause 5 (a) – Is deleted and replaced with:

“Subject to clause 9 hereof, Becksham Ltd, Becksham C, Minegem and EPD shall provide or procure the provision to the Mining Company of such technical, accounting, marketing, senior administrative and management personnel as may be required for its successful operations. Becksham Ltd., Becksham C, Minegem and EPD shall also provide the management services to the Mining Company, at cost, to carry out operations hereunder.”

3.7 Clause 6(a) – is amended by the insertion of the words “and the Main Pipe” after the words “Satellite Pipe” in the third line thereof.

3.8 As to Clause 6(b) and (c),

3.8.1 Clause 6(b) – is deleted and replaced with:

“The terms of this Agreement shall begin on the date hereof and continue until the expiry of the Mining Lease granted in terms of this Agreement and the Addendum thereto”.

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