MINING LEASE AGREEMENT

DATED [ ] 2010

BETWEEN

THE REPUBLIC OF SIERRA LEONE

AND

KOIDU HOLDINGS S.A.

RELATING TO THE MINING AND COMMERCIAL EXPLOITATION OF

THE KOIDU KIMBERLITES IN A PROJECT TO BE KNOWN AS

"THE KOIDU KIMBERLITE PROJECT"
<table>
<thead>
<tr>
<th>Clause 1</th>
<th>DEFINITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clause 2</td>
<td>DURATION OF MINING LEASE; PROFIT SHARING AGREEMENT</td>
</tr>
<tr>
<td>Clause 3</td>
<td>RENEWAL OF MINING LEASE</td>
</tr>
<tr>
<td>Clause 4</td>
<td>REPRESENTATIONS AND WARRANTIES</td>
</tr>
<tr>
<td>Clause 5</td>
<td>WORK OBLIGATIONS</td>
</tr>
<tr>
<td>Clause 6</td>
<td>OBLIGATIONS AND RIGHTS OF THE LESSEE</td>
</tr>
<tr>
<td>Clause 7</td>
<td>SECURITY</td>
</tr>
<tr>
<td>Clause 8</td>
<td>SORTING, VALUATION, MARKETING AND SALE OF DIAMONDS</td>
</tr>
<tr>
<td>Clause 9</td>
<td>UNDERGROUND MINING</td>
</tr>
<tr>
<td>Clause 10</td>
<td>LOCAL PROCUREMENT</td>
</tr>
<tr>
<td>Clause 11</td>
<td>EMPLOYMENT AND TRAINING</td>
</tr>
<tr>
<td>Clause 12</td>
<td>HEALTH AND SAFETY</td>
</tr>
<tr>
<td>Clause 13</td>
<td>PROTECTION OF THE ENVIRONMENT</td>
</tr>
<tr>
<td>Clause 14</td>
<td>GOVERNMENT ASSISTANCE</td>
</tr>
<tr>
<td>Clause 15</td>
<td>FISCAL REGIME</td>
</tr>
<tr>
<td>Clause 16</td>
<td>LIMITATION ON AGGREGATE FISCAL IMPOSTS</td>
</tr>
<tr>
<td>Clause 17</td>
<td>MANAGEMENT OF FUNDS</td>
</tr>
<tr>
<td>Clause 18</td>
<td>FINANCIAL STATEMENTS AND BOOKS</td>
</tr>
<tr>
<td>Clause 19</td>
<td>CONFIDENTIALITY AND DISCLOSURE</td>
</tr>
<tr>
<td>Clause 20</td>
<td>CHANGE OF CONTROL</td>
</tr>
<tr>
<td>Clause 21</td>
<td>ASSIGNMENT</td>
</tr>
<tr>
<td>Clause 22</td>
<td>SUBCONTRACTORS</td>
</tr>
<tr>
<td>Clause 23</td>
<td>FORCE MAJESTRE</td>
</tr>
<tr>
<td>Clause 24</td>
<td>TERMINATION OF MINING LEASE</td>
</tr>
<tr>
<td>Clause 25</td>
<td>CORRUPT PRACTICES</td>
</tr>
<tr>
<td>Clause 26</td>
<td>APPLICABLE LAW</td>
</tr>
<tr>
<td>Clause 27</td>
<td>CONCILIATION AND ARBITRATION</td>
</tr>
<tr>
<td>Clause 28</td>
<td>NOTICES</td>
</tr>
<tr>
<td>Clause 29</td>
<td>NON VARIATION</td>
</tr>
<tr>
<td>Clause 30</td>
<td>RATIFICATION</td>
</tr>
</tbody>
</table>

| Schedule 1 | THE MINING LEASE AREA                                    |
| Schedule 2 | PROGRAMME OF PROPOSED MINING OPERATIONS                  |
| Schedule 3 | MINERALS INCLUDED WITHIN THE MINING LEASE                |
| Schedule 4 | HANDLING, SORTING, VALUATION, EXPORT AND MARKETING OF DIAMONDS |
| Schedule 5 | EMPLOYMENT AND TRAINING                                  |
| Schedule 6 | MINE CLOSURE AND RECLAMATION                             |
| Schedule 7 | PROFIT SHARING                                           |
MINISTRY OF MINERAL RESOURCES
KOIDU HOLDINGS S.A.
MINING LEASE NUMBER ML 6/95

THIS MINING LEASE AGREEMENT (this “Agreement”) made this [DATE] day of [MONTH], 2010 between the Government of Sierra Leone (hereinafter called “the Lessor”), represented by Alhaji Alpha Saahib Bakarr Kanu, Minister of Mineral Resources (hereinafter called the “Minister”), of the one part, and Koidu Holdings S.A. (hereinafter called the “Lessee,” which expression shall include its assigns and successors), a company incorporated in the British Virgin Islands and duly registered to trade in Sierra Leone and whose principal office is in Freetown, Sierra Leone, of the other part,

WHEREAS, on 22 July 1995, the Lessor entered into a mining lease agreement with Branch Energy Limited (“Branch”) (the “1995 Mining Lease Agreement”), with respect to the land and improvements known as the “Koidu Kimberlite Project,” which land is herein more particularly described in Schedule 1 hereto (hereinafter referred to as the “Mining Lease Area”) pursuant to the powers conferred upon the Lessor by the Mines and Minerals Act 1994 (which has been repealed and superseded by the Mines and Minerals Act 2009), and, subject to then-applicable law, the Lessor demised and granted unto Branch the rights to the minerals referred to in Schedule 2 with the rights to carry on exploration and Mining Operations upon the terms and conditions therein contained (the “Mining Lease”) for a period of 25 years from the 22nd of July 1995 (the “Commencement Date”), all as described in the Koidu Kimberlite Project Mining Lease Agreement (Ratification) Act 1995, and the said Mining Lease has been duly registered at page 62 in volume 6 of the Book of Mining Leases kept in the office of the Registrar-General, Freetown,

WHEREAS, by a transfer of Mining Lease dated 20 October 2003 between Branch and the Lessee with the written approval of the Minister of Mineral Resources and registered at page 61 in volume 7 of the Book of Mining Leases kept in the office of the Registrar-General, Freetown, Branch did thereby transfer to the Lessee all of its rights, privileges, duties, obligations, title and interest under the said Mining Lease as from 1 October 2003 the remainder of the term thereof,

WHEREAS, the Lessee and Lessor entered into a Profit Sharing Agreement in August 2006, which was effective as of January 1, 2005 (the “Profit Sharing Agreement”), and

WHEREAS the Lessee and the Lessor have agreed to vary the terms of the 1995 Mining Lease Agreement pursuant to clause 24 of the 1995 Mining Lease Agreement upon the terms herein.
NOW THEREFORE WITNESSETH AS FOLLOWS:

CLAUSE 1 – DEFINITIONS

1.1 The expressions set out below shall have the following meanings:

“Affiliate” means any person directly or indirectly controlling, controlled by or under common control with the Lessee. For the purposes of this definition, “control” (including the terms “controlling”, “controlled by” and “under common control with”) means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or company, whether though ownership of voting securities, by contract or otherwise;

“Agreement” means this Amended Mining Lease Agreement, including the schedules hereto, which form an integral part of this Agreement, and references to this Agreement include references to such schedules;

“Change of Control” means the consummation of any transaction or series of transactions (including, without limitation, any sale, merger or consolidation), the result of which is that the Shareholders that collectively beneficially own more than 50% of the voting equity of the Lessee before such transaction or series of transactions cease to (i) be the beneficial owners of more than 50% of the aggregate voting equity of the Lessee or (ii) have the power to direct or cause the direction of the management and the policies of the Lessee;

“Commencement Date” means 22 July 1995, as set out in the first recital of this Agreement;

“Income Tax Act” means the Income Tax Act 2000 (as amended or superseded from time to time).

“Environmental Protection Agency Act” means the Environmental Protection Agency Act 2008 (as amended or superseded from time to time).

“Lessor” means the Government of the Republic of Sierra Leone.

“Lessee” means Koidu Holdings S.A., and shall include its assigns and successors.

“Mine Development” means the programme for the development and full scale production in the Mining Lease Area as set forth in Part 3 of Schedule 2 hereto.

“Mining Law” means the Mines and Minerals Act 2009 (as amended or superseded from time to time) and, save where herein otherwise provided, the expressions defined therein shall have the same meanings in this Agreement.

“Mining Lease Area” means the area described in Schedule 1 hereto.
"Mining Lease" means Mining Lease No. ML 6/95 granted under the 1995 Mining Lease Agreement, as amended by this Agreement;

"Mining Operations" means exploration, development, mining and mineral separation, processing and sorting, and maintenance of any kind carried out in the Mining Lease Area and in the Lessee’s Sorting Office, as defined below, or its Freetown country office, in accordance with the bulk sampling and mine development programmes.

"Parties" means the parties to this Agreement and "Party" means any of them.

"Profit" means the net profit generated by the Lessee in respect of the Koidu Kimberlite Project (being the net result from operating and trading activity after any taxation expense in accordance with International Financial Reporting Standards) and as determined by the board of directors of the Lessee to be available for distribution to Shareholders from the Koidu Kimberlite Project after taking into account the following—

1.1 tax considerations of the Shareholders and the Lessee in relation to the Koidu Kimberlite Project (including any assessed losses relating thereto);

1.2 the cash flow and working capital requirements of the Lessee in respect of the Koidu Kimberlite Project; and

1.3 all investments that the board of directors of the Lessee believes are required for the long-term growth of the Koidu Kimberlite Project.

"Minister" means the Minister of Mineral Resources.

"Shareholders" means the holders of the voting equity of the Lessee, from time to time.

"Sorting Office" means the place, wherever situated in Sierra Leone, where the Lessee or its agent or contractor cleans, sorts, stores and packages its diamonds.

"1995 Mining Lease Agreement" means the 1995 Mining Lease Agreement as described in the first recital of this Agreement.

CLAUSE 2 – DURATION OF MINING LEASE; PROFIT SHARING AGREEMENT

2.1 The term of the Mining Lease is hereby extended until the 22 July 2030 and shall continue in force until the expiry, surrender or termination of the Mining Lease pursuant to this Agreement. Any renewal of the Mining Lease shall be in accordance with this Agreement.
2.2 This Agreement supersedes and replaces the terms of the Profit Sharing Agreement, which shall have no further force and effect.

CLAUSE 3 – RENEWAL OF MINING LEASE

3.1 The Lessee may apply to the Minister for the renewal of the Mining Lease in respect of all, or part of, the Mining Lease Area at any time not later than one year before the expiry of the Mining Lease.

3.2 An application under this Clause 3 shall:

(a) state the period, not exceeding fifteen years, for which the renewal is sought;

(b) be accompanied by a statement giving particulars of mining operations proposed to be carried out in the period of renewal;

(c) be accompanied by a statement giving details of:

(i) the latest proved, estimated or inferred ore reserves;

(ii) the capital investment to be made in, and production costs and revenue forecasts in respect of the period of renewal;

(iii) any expected changes in the method of mining and treatment;

(iv) any likely social impact and any likely effects on the environment and proposals for mitigation and compensation measures;

(v) such further information as the Minister may require; and

(d) shall, if renewal of the Mining Lease is sought in respect of only part of the Mining Lease Area, be accompanied by a plan and description identifying that part of the Mining Lease Area.

3.3 Subject to Clause 3.4, on application duly made for the renewal of the Mining Lease, the Minister may renew the Mining Lease with or without variation of the conditions of the Mining Lease, for a period not exceeding fifteen years.

3.4 The Minister shall refuse to renew the Mining Lease if:

(a) (i) the Lessee is in default of, (ii) the development of the Mining Lease Area has not proceeded with reasonable speed; (iii) minerals in reasonable quantities do not remain to be produced; or (iv) he is advised by the Director (as defined
in the Mining Law) that the programme of mining operations proposed to be carried out is not satisfactory;

(b) the Minister has given to the Lessee notice of his intention to refuse to renew the Mining Lease:

(i) giving of the notice particulars of the ground for the intended refusal; and

(ii) stating a date before which the Lessee may take appropriate action or make representations in relation to that ground; and

(c) if the Lessee has not before that date made appropriate amendments to its application, or made representations which remove the ground for the intended refusal.

CLAUSE 4 – REPRESENTATIONS AND WARRANTIES

4.1 The Lessor represents and warrants, as of the date hereof, that:

4.1.1 Pursuant to the Mining Law, the entire property and control of all minerals in, under or upon the Mining Lease Area is vested in the Lessor which has the sole and exclusive right to grant a mining lease relating thereto free of any lien, claim, or other encumbrance, except for any rights of third parties in accordance with generally applicable law in Sierra Leone, as applicable on the date hereof;

4.1.2 other than the Mining Lease, there is no valid and subsisting mining lease or mineral right (as defined in the Mining Law) over any minerals located in the Mining Lease Area;

4.1.3 no person (other than the Lessee) has any right or interest in respect of any minerals located over, under or upon the Mining Lease Area or to any improvements thereto and generally agrees to indemnify the Lessee harmless against any and all loss or damage arising out of or in connection with any rights inconsistent with any such warranties.

4.2 The Lessor covenants that the Lessee shall peaceably enjoy and without interruption by the Lessor or by any other person or persons claiming or under the Lessor or in trust for it, have the right during the term of the Mining Lease to explore for and mine diamonds and other minerals referred to in Schedule 3, and that no other person or entity shall have the right to engage in any exploration or mining operation or any other activities on, above or below the surface, in the Mining Lease Area during the term of the Mining Lease.

4.3 The Lessee represents and warrants, as of the date hereof, that:
4.3.1 The Lessee is a company duly organized, validly existing and in good standing under the laws of the British Virgin Islands. The Lessee has all the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

4.3.2 The execution and delivery by the Lessee of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other action on the part of the Lessee, and no further consent or authorization is required of the Lessee’s board of directors or its shareholders to authorize this Agreement.

4.3.3 Neither the execution and delivery of this Agreement nor the Lessee’s compliance with the obligations contemplated hereby will conflict with or result in a breach or violation of: (i) the organizational documents of the Lessee, (ii) any provision of law applicable to the Lessee on the date hereof or (iii) the terms of any material agreement to which the Lessee is a party or by which the Lessee is bound.

4.3.4 The Lessee has the financial and technical capabilities to finance and carry out the work programme in accordance with this Agreement, including Schedule 2 hereto.

4.4 Any breach of representations and warranties in this Clause 4 shall be deemed to be a breach of this Agreement.

CLAUSE 5 – WORK OBLIGATIONS

5.1 The Lessee shall at all times perform its duties, obligations and work in the Mining Lease Area with all due professional diligence and in accordance with the best and safest practice contemporaneously prevailing in the mining industry worldwide.

5.2 The Lessee shall proceed with the development of the mine and related plant and facilities, and the mining, milling and processing, of diamonds and related minerals in accordance with Schedule 3 hereto.

CLAUSE 6 – OBLIGATIONS AND RIGHTS OF THE LESSEE

6.1 Subject to the terms of this Agreement (including but without limitation Clause 16.1 hereof), the Lessee shall at all times comply with the provisions of the Mining Law and other relevant laws and regulations in connection with the carrying out of its obligations and work as described in this Agreement, except to the extent that they are inconsistent with the provisions of this Agreement.

6.2 Subject to its rights under this Agreement, the Mining Law and otherwise, the Lessee shall have the following rights:

6.2.1 the right within or outside the Mining Lease Area to dig, clean and widen channels in streams, rivers and watercourses as may be necessary from time to
time to permit or facilitate water flow to or from the Mining Lease Area and the Processing Plants and Concentrator;

6.2.2 the right within the Mining Lease Area, to use the water from any natural water course and to return the same together with washing spoils to the river, stream or watercourse, provided that in so doing, the Lessee shall not discharge or permit to be discharged any poisonous or noxious matter not present in the intake water, and to fell trees and otherwise clear the land to be mined; and

6.2.3 the rights in addition to those set forth in the Mining Law, to construct and operate within the Mining Lease Area roads, living quarters, water supply systems, electric power systems, loading stations, airstrips, storage facilities, recreation and medical facilities and to do any such work or erect any buildings necessary or useful in carrying out its operations under this Agreement. Any special permits required for the exercise thereof shall be promptly granted by the Lessor.

CLAUSE 7 – SECURITY

7.1 In addition to its rights under this Agreement, the Mining Law and other relevant laws and regulations, the Lessee shall have the right, in consultation with the Lessor, to take such measures as may be required to establish and maintain control over the mining, processing, handling, sorting, storage and transportation of diamonds within the Mining Lease Area, and, to, from and in, the Sorting Office, including the right to establish and maintain enclosed and security areas, to prevent access into and egress from such areas and the right to search persons within or seeking access to such areas.

7.2 The Lessor shall provide the Lessee with an armed security force, which (1) the Lessee shall be entitled to deploy throughout the Mining Lease Area and Sorting Office and to deploy to accompany the Lessee’s property at any time when in transit within Sierra Leone but outside of the Mining Lease Area and the Sorting Office, and (2) shall be under the command and control of the Local Unit Commander (LUC) of Tonkoro Police Division.

7.3 The Lessor at the request of, and in consultation with, the Lessee shall take such measures as may be agreed with the Lessee in order to ensure the maintenance of proper security in the Mining Lease Area and the Sorting Office, and the surrounding areas of both.

7.4 The modalities and scale of the rights conferred on the Lessee by this Clause 7 may be reviewed by the Lessor by mutual agreement with the Lessee from time to time.

CLAUSE 8 – SORTING, VALUATION, MARKETING AND SALE OF DIAMONDS

8.1 The Lessor shall appoint a Valuer who is acceptable to the Lessee to value the diamond production of the Lessee hereunder. The Valuer shall be a competent,
qualified, experienced and independent person recognised as such within the international diamond mining and marketing industry, who can substantiate to the Lessor and the Lessee that his interests and responsibilities outside of his appointment under this Agreement shall not give rise to any material risk of conflict of interest with the due performance of his functions hereunder. If at any time subsequent to his appointment such conflict of interest shall arise, the Lessor shall promptly replace him.

8.2 The Lessee shall, in the presence of a representative of the Lessor, undertake the sorting, valuation, export, sale and marketing of diamonds and other minerals produced hereunder in accordance with Schedule 4 hereto.

CLAUSE 9 – UNDERGROUND MINING

9.1 The Lessee, at its expense, shall retain a consultant to assist the Lessor to draft standard procedures for underground mining, which will be based on the applicable underground mining regulations in South Africa (the “Draft Underground Mining Procedures”). Subject to Clause 14.1 (Government Assistance), the Draft Underground Mining Procedures shall be submitted before underground mining commences to the Lessor for approval and shall be applied to the Lessee (as amended to reflect any changes proposed by the Lessor and agreed by the Lessee) in relation to underground mining until Sierra Leone adopts laws and regulations applicable to underground mining. Thereafter, the Draft Underground Mining Procedures shall cease to apply to the Lessee, and the applicable laws and regulations shall apply.

9.2 The Lessor shall consider, without obligation, incorporating the Draft Underground Mining Procedures into the applicable laws of Sierra Leone.

CLAUSE 10 – LOCAL PROCUREMENT

10.1 In accordance with the Mining Law, the Lessee shall in the conduct of its duties under this Agreement, give preference to products and materials made in Sierra Leone and to service agencies located in Sierra Leone and owned as therein provided to the maximum extent possible and consistent with safety, efficiency, and economy.

CLAUSE 11 – EMPLOYMENT AND TRAINING

11.1 In accordance with the Mining Law, the Lessee shall in the conduct of the Mining Operations give preference to the employment of citizens of Sierra Leone possessing the necessary qualifications and experience, taking into account the requirements of safety and the need to always maintain acceptable standards of efficiency in the conduct of the Mining Operations.

11.2 In addition to Clause 11.1 above and without limitation to it, the Lessee shall in the conduct of the Mining Operations observe and perform the programme for the training and employment of Sierra Leone citizens as set out in Schedule 5 hereto.
11.3 All Sierra Leonean employees will be covered under an appropriate insurance scheme at one of the companies registered to conduct such business in Sierra Leone. Such insurance shall cover the Lessee’s obligations with respect to workmen’s compensation and National Social Security and Insurance Trust (“NASSIT”).

CLAUSE 12 – HEALTH AND SAFETY

12.1 The Lessee shall comply with all health and safety standards and laws that are generally applicable in Sierra Leone from time to time.

CLAUSE 13 – PROTECTION OF THE ENVIRONMENT

13.1 The Lessee shall conduct its Mining Operations in accordance with the Environmental Protection Agency Act, as amended from time to time.

13.2 The Lessee shall at all times do everything reasonable in its power to limit the damage and disturbance to the local environment and populace. The Environment Protection Agency (the “EPA”) may at any time conduct periodic inspections of the Mining Lease Area.

13.3 The Lessee shall, in accordance with the Environmental Protection Agency Act, conduct the Mining Operations and all project activity with a degree of care and professionalism that meets or exceeds the best international environmental protection standards.

13.4 In particular, subject to Clause 13.5 below, the Lessee shall employ in the Mining Operations advanced techniques, practices and methods of operation for the prevention, limitation or treatment of pollution and the avoidance of unnecessary loss of, or damage to, natural resources, in each case in accordance with generally applicable law, as in existence from time to time.

13.5 Nothing in this Agreement, the Mining Law, the Environmental Protection Agency Act or other legislation or regulation shall impose any liability whatsoever on the Lessee in respect of any pollution or loss or damage to the environment or the risk thereof, or other claim, where such pollution, loss, damage, risk or claim arises from, or in connection with, any acts or omissions in or with respect to the Mining Lease Area prior to 22 July 1995.

13.6 The Lessor acknowledges that no additional obligations relating to the protection of the environment will be imposed on the Lessee save those arising under the Environmental Protection Agency Act.

13.7 The Lessee shall in the conduct of its Mining Operations observe and perform the program me for mine closure and reclamation as set forth in Schedule 6 hereto.
CLAUSE 14 – GOVERNMENT ASSISTANCE

14.1 The Lessor shall extend to the Lessee all reasonable assistance to enable and facilitate the Lessee to carry out its functions and achieve its objectives in the best and most efficient manner. The Minister, and other officers of State, boards, commissions and Government agencies concerned, shall make such lawful orders and administrative acts as may be desirable from time to time for this purpose.

14.2 Subject to proper undertakings relating to confidentiality, the Lessor shall make available to the Lessee all aerial, magnetometer and other geological surveys and photographs and all other plans, maps, information and advice relating to the mining Lease Area which they are at liberty to disclose and shall permit the Lessee to obtain copies of all such surveys, photographs, plans, maps and information for its own use upon payment of the actual cost of making such additional copies.

14.3 The Lessor shall promptly grant any and all permits and permissions of whatsoever nature required by law for the Lessee to import into Sierra Leone direct from external suppliers all goods, foodstuffs and services necessary or desirable for or in connection with the conduct of exploration and the mining operations, of such manufacture and types and, subject only to the Mining Law, from whatsoever source as may be determined by the Lessee.

14.4 The Lessor shall promptly grant any and all permits and permissions of whatsoever nature required by law for the Lessee to export from Sierra Leone any goods imported by it which it no longer requires in the conduct of its prospecting or mining operations hereunder, or activities related thereto.

14.5 In connection with Clause 8 of this Agreement, the Lessor shall promptly grant to the Lessee or its Agent any and all necessary permits or permissions of whatsoever nature required by law for the Lessee or its Agent to export diamonds and associated minerals produced in the Mining Operations.

14.6 Subject to the Mining Law, the Lessor shall grant all necessary visas and permits to enable those non-citizens of Sierra Leone who are necessary to be employed in its operations, and their families, to enter and reside in and depart from Sierra Leone.

CLAUSE 15 – FISCAL REGIME

ANNUAL LEASE RENT AND SURFACE RENT

15.1 Pursuant to the Mining Law, the Lessee shall pay to the Bank of Sierra Leone and without demand, on 10 January 2011 ("Reference Date") and each anniversary of the Reference Date, the sum of US$200,000 (two hundred thousand United States Dollars) for the credit of the Lessor in respect of an annual lease rent in respect of the Mining Lease Area.
15.1.1 The amount specified in Clause 15.1 above shall be increased (and rounded to two decimal places) with effect from the first anniversary of the Reference Date by an amount equal to 3% of the annual lease rent for the previous year.

15.2 As provided by the Mining Law, the Lessee shall pay, annually in advance and without demand, an annual surface rent per acre or part thereof contained in the Mining Lease Area (and not surrendered pursuant to the Mining Law) for all land occupied or used by the Lessee for the purposes enumerated in the Mining Law. Except as otherwise agreed, such surface rent shall be increased as specified in Clause 15.1.1.

15.3 The Lessee shall be liable in respect of each financial year to pay income tax (hereinafter referred to as "Income Tax") upon the income derived from its operations conducted in Sierra Leone as provided by generally applicable law from time to time; provided, however, that at any time that the generally applicable income tax rate for mining companies shall exceed 35.0%, then the income tax rate that shall be deemed to apply to the Lessee at such time shall be 35.0%.

15.3.1 The Income Tax liability of the Lessee in respect of each financial year shall be assessed and payable in United States Dollars, and all such payments by the Lessee shall be made in such currency to the Bank of Sierra Leone for the account of the Lessor, a copy of each payment advice to be furnished to the Commissioner of Income Tax.

DEDUCTIONS FROM CHARGEABLE INCOME

15.3.2 The chargeable income of the Lessee shall, for the purposes of Income Tax, be calculated as provided by generally applicable law for mining companies from time to time, except as otherwise provided in this Agreement.

15.3.3 No amounts for marketing diamonds, gold or associated minerals to Affiliates may be deducted from the chargeable income of the Lessee for the purposes of Income Tax.

15.3.4 The amount of any operating loss incurred by the Lessee in any financial year may be carried forward and deducted from the chargeable income of the Lessee in subsequent years to the extent permitted by generally applicable law from time to time. Notwithstanding the foregoing, the Parties acknowledge and agree that US$54,174,043 (the accumulated net operating tax losses of the Lessee as of 31 December 2009) shall be the amount determined in the annual accounts of the Lessee pursuant to Clause 18.3 and shall be carried forward and deducted from the chargeable income of the Lessee each year in full until the whole of such loss shall have been deducted. Net tax operating losses from 1 January 2010 shall be calculated as provided in Clause 15.3.2.
ROYALTIES

15.4 The Lessee shall pay royalties on all diamonds produced by Mining Operations as follows:

15.4.1 for all diamonds whose ex-mine price exceeds $500,000 ("Special Stones"), 8.0%, and

15.4.2 for all other diamonds, the lower of (a) 6.5% and (b) the royalty on diamonds prescribed by generally applicable law to commercial diamond mining operations from time to time.

15.4.3 With regard to the Mining Law, the ex-mine price for diamonds shall be as follows:

(a) for each Special Stone, the valuation assigned to such Special Stone by an independent Valuer of international repute, whose appointment shall be agreed by each Party, and the royalty payable shall be a percentage of such valuation.

(b) for all other diamonds, the actual sales price received and the royalty payable shall be a percentage of the aggregate of such actual sales price.

15.5 In accordance with the Mining Law, the Lessee shall pay a royalty on precious metal of 5% of the ex-mine price.

15.5.1 In accordance with the Mining Law and any applicable regulations, the ex-mine price for precious metals shall be determined by reference to the price for the relevant mineral published in the Financial Times of London on the publication day following the date of receipt by the refinery, after any adjustment for any differences in purity, specification or otherwise.

15.6 On or before the fifteenth day of each month, the Lessee shall present to the Director of Mines, with a copy to the Financial Secretary and the Governor of the Bank of Sierra Leone, a statement certified by the Lessee's accredited representative showing:

(i) the aggregative weight in carats of the various size ranges and categories of diamonds produced by the Lessee in the Mining Lease Area during the preceding month,

(ii) the aggregate weight in carats of the various size ranges and categories of diamonds exported from Sierra Leone by the Lessee or its agents during the preceding month,

(iii) the value of diamonds so exported as determined in accordance with Clause 8 of this Agreement. Each export statement shall be
accompanied by a copy of the export entries certificate by the Comptroller of Customs and Excise, and

(iv) the weight of gold and other precious metals exported from Sierra Leone by the Lessee or its Agent during the preceding month.

15.7 On or before the 20th day of the following month after export shipment, the Lessee shall pay to The Bank of Sierra Leone (in United States Dollars) the royalty on the diamonds, gold and other associated minerals exported and sold, a copy of the payment advice to be furnished to the Director of Mines and the Comptroller of Customs and Excise.

WITHHOLDING TAX

15.8 Payments for interest, dividends and services, including payments to contractors, shall be subject to withholding tax at the statutory rates pursuant to generally applicable law from time to time, subject to any treaties or agreements that the Lessor may have with any other relevant countries.

CHARGES ON IMPORTS

15.9 In this Agreement:

15.9.1 the term "Charges on Imports" shall include all taxes, duties, excise, charges, levies, fees, dues, contributions, payments, impositions of any kind payable to the Lessor or any agency of the Lessor, whether ad valorem, flat rate and otherwise, in respect of imports into Sierra Leone, and shall exclude Import Inspection Fees as provided for in Clause 15.10;

15.9.2 The charges on imports of Fuel and Lubricants imported by, or on behalf of the Lessee shall comprise ad valorem duty at a rate not exceeding 12.5% (twelve and one half of one percent) of the CIF price thereof. The term "Fuel and Lubricants" shall mean all petroleum products used by the Lessee in the course of its business including diesel, heavy oil, and lubricants, but excluding petrol and kerosene.

15.9.3 Any machinery, plant, equipment, supplies, material and other consumable mining stores (including, but without limitation, explosives) to be used in activities necessary to the performance of the Lessee’s rights and obligations under this Agreement shall be subject to the payment of Customs duty in accordance with the provisions of the Customs Act and Custom Tariff Act at a rate equal to 5% (five percent) of the CIF price thereof (notwithstanding any higher or lower duty as provided in generally applicable law from time to time).

15.9.4 The Lessee shall pay the Road User Charge on its petrol purchases but shall be exempt from paying it on its purchases of diesel and fuel oil.
15.9.5 All payments of Charges on Imports by the Lessee hereunder shall be made in United States Dollars to the Bank of Sierra Leone for the account of the Lessor, and the advice accompanying such payment shall be copied to the Comptroller of Customs and Excise.

15.10 Import Inspection Fees

15.10.1 For the purpose of this Clause 15.10, “Import Inspection Fees” means the fees payable to the Lessor in respect of the inspection of goods imported into Sierra Leone.

15.10.2 Import Inspection Fees may be imposed by the Lessor on the Lessee in respect of the all goods imported by or on behalf of the Lessee into Sierra Leone at a rate in US Dollars not exceeding 1.5% (one and one half percent) of the CIF price of the imported goods.

15.10.3 Import Inspection Fees shall be invoiced to the Lessee by the responsible Agent duly authorized by the Lessor to act on its behalf.

DEBT/EQUITY RATIO

15.11 At no time after 31 December 2010 shall the Equity of the Lessee be less than 20% of the Affiliated Debt of the Lessee. For purposes of this Clause 15.11, “Affiliated Debt” shall mean the total debt of the Lessee owed to affiliates of the Lessee, and “Equity” shall mean the shareholders’ equity in the Lessee, each as defined by International Financial Reporting Standards.

AFFILIATE TRANSACTIONS

15.12 Any transaction between the Lessee and any Affiliate of the Lessee shall be made upon arms-length terms (including pricing), and such transaction shall be accompanied by contemporaneous documentation. In particular, the Lessee shall make sales commitments to Affiliates only at prices based on or equivalent to arms-length sales to non-affiliated purchasers and in accordance with such terms and conditions on which agreements would be made if the parties had not been affiliated. The Lessor shall have the right to review the terms of all transactions between the Lessee and any Affiliate of the Lessee, including documentation therefor.

COMMUNITY DEVELOPMENT FUND CONTRIBUTIONS

15.13 It is the objective of the Parties hereto that the mining activities of the Lessee hereunder shall be carried out in a manner that is consistent with the continuing economic and social viability of centers of population surrounding the Mining Lease Area. Upon request of the Lessor at any time, the Lessee shall consult with the Lessor and the communities to mutually establish plans and programs for the implementation of this objective, and thereafter the Lessee shall in good faith cooperate with the Lessor with
regard to its efforts concerning the realization of such plans and programs. To that effect, notwithstanding Part XVI of the Mining Law, the Lessee shall provide an annual social contribution of 0.25% of the aggregate ex-mine price of the diamonds sold in the previous year (as defined in Clause 15.4.3), which shall be managed and disbursed for the benefit of the Kono community (being the Kono District Council, the Koidu New Sembehun Town Council and the Tankoro Chiefdom) by a dedicated committee to be formed by the Lessee and the Lessor.

PROFIT SHARING

15.14 The obligations of the Parties set forth in Schedule 7 hereto are hereby incorporated by reference herein.

CLAUSE 16 – LIMITATION ON AGGREGATE FISCAL IMPOSTS

16.1 For the duration of this Agreement, no taxes (including, but without limitation, income tax, additional profits tax, surtax, Minor Taxes, profits tax, turnover tax, sales tax, export tax, import tax, value added tax, withholding tax and employment related tax), royalties, duties, excise, charges, levies, fees, dues, contribution, payments or imposition of any kind whatsoever payable to the Central, regional or local Governments authorities or agents or to any Chiefdom or Tribal Authority or to any other Agency of the Lessor shall apply to the Lessee, or any affiliate company or Agent of the Lessee or the employees of the Lessee or any affiliate company of the Lessee, other than:

16.1.1 Annual rent and Surface Rent payable in accordance with Clauses 15.1 and 15.2 and their subsections;

16.1.2 Income Tax payable in accordance with Clause 15.3 and its subsections;

16.1.3 Royalties payable in accordance with Clauses 15.4 and 15.5 and their subsections;

16.1.4 Withholding taxes payable in accordance with Clause 15.8;

16.1.5 Charges on Imports payable in accordance with Clause 15.9 and its subsections;

16.1.6 Import Inspection Fees payable in accordance with Clause 15.10 and its subsections;

16.1.7 Community Development Fund contributions in accordance with Clause 15.13;

16.1.8 Profit Sharing in accordance with Clause 15.14;
16.1.9 Taxes deducted from emoluments of employees of the Lessee as required under the Income Tax (PAYE) Rules as provided in the Income Tax Act, Payroll Taxes payable under the Payroll Taxes Act and required payments under NASSIT.

16.2 For the purpose of this Agreement, the words "Minor Taxes" means those taxes imposed on the Lessee which are not specifically provided for in this Agreement, which are generally applicable from time to time to all corporations on a non-discriminatory basis, and which do not amount in the aggregate to more than the equivalent of US Dollars 100,000 (one hundred thousand) in any financial year of the Lessee, or to more than the equivalent of US Dollars 250,000 (two hundred and fifty thousand) over any five year period. Beginning on 1 January 2012 and every five years thereafter, such amounts shall be adjusted for inflation in accordance with the "GDP Implicit Price Deflator," as published from time to time by the U.S. Department of Commerce, Bureau of Economic Analysis. In addition, such amounts shall be reduced by the amount of any aggregate increase in the impositions applicable to the Lessee under this Agreement.

16.3 Except as provided in this Agreement, no tax, royalty, duty, excise, levy, fee, due, contribution, payment or imposition of any kind whatsoever (other than those provided for in this Agreement) which is of a discriminatory nature shall be payable by the Lessee, or by the employees or shareholders of the Lessee, or by any Affiliate or agent of the Lessee or a Contractor of the Lessee who is specifically engaged in the Mining Operations. For the purposes of this Clause, any imposition shall be considered discriminatory if its effect is confined wholly to the Lessee or its employees or to its shareholders or any Affiliate or agent of the Lessee.

16.4 No officer, salaried consultant or employee of the Lessee or of an Affiliate or agent of the Lessee, or officer or employee of a Contractor of the Lessee specifically engaged in the Mining Operations who is not a citizen of Sierra Leone, even although he may be for the time being a resident of Sierra Leone, shall be subject to the payment of any direct or personal taxes now or hereafter authorized, levied or imposed by the Lessor at rates in excess of those levied or imposed upon permanent residents of Sierra Leone. Subject to the foregoing, the payment of income tax to the Lessor by any such officer, salaried consultant or employee shall be governed by the income tax laws of Sierra Leone and the provisions of such treaty or agreement in respect of double taxation as may be concluded between the Lessor and the country of which such officer, salaried consultant or employee is subject or citizen.

CLAUSE 17 – MANAGEMENT OF FUNDS

17.1 The management of funds will be conducted in accordance with the Mining Law, but in particular, the following additional rights and conditions shall apply to the Lessee in the conduct of its business under this Agreement.

17.1.1 The Lessor and Lessee agree that, during the period of this Agreement the Lessee shall pay all amounts due hereunder to the Lessor in United States
Dollars to the Bank of Sierra Leone for the amount of the Lessor, or to such other bank account as may be from time to time designated in writing by the Minister for the purpose.

17.1.2 The Lessee shall meet all its operating costs in Sierra Leone either from funds remitted from abroad or out of Leones earned by the Lessee in Sierra Leone, and shall pay for all capital assets brought into Sierra Leone and all other foreign costs and expenses, with funds earned, held or borrowed abroad.

17.2 The Lessee shall have the right, during the term of the Mining Lease, freely to receive, hold in banks or other financial institutions of its own selection in any country, and dispose of all local and foreign currency funds received or becoming due to it.

17.3 No applicable law or regulation will restrict or abrogate the right of the Lessee:

17.3.1 to retain abroad the proceeds of the sale of precious stones and minerals to which the Lessee is entitled to hereunder,

17.3.2 to enter into loan agreements outside Sierra Leone for the purpose of financing the Mining Operations and to retain abroad the disbursements of such loans including interest and principal repayments, except that, where an assignment of the Mining Lease is contemplated, in the form of security for any such loan, the Lessee will first obtain the prior written consent of the Lessor and

17.3.3 to open and maintain bank accounts, denominated in either the currency of Sierra Leone or in foreign currency, and freely dispose of the sums deposited therein without restrictions where the said accounts are credited only with funds related to or derived from the Mining Operations,

17.3.4 to purchase and sell currency of Sierra Leone, through authorized dealers (if so required by law), without discrimination at the market rate of exchange for such transactions or at the official rate of exchange determined by the Bank of Sierra Leone for applicable class of transaction if such rates are from time to time duly determined under the relevant legislation.

17.4 Expatriate employees and consultants of the Lessee or its affiliate companies and its contractors engaged in Mining Operations hereunder shall be entitled to:

17.4.1 export freely from Sierra Leone during each year of their employment any part of the salaries and emoluments paid in Sierra Leone and to export freely from Sierra Leone upon termination of their contract any balance of such salaries as well as any sums due to them from any provident fund, pension fund, or like fund on termination of their employment; and
17.4.2 export freely from Sierra Leone upon termination of their employment their personal and household effects previously imported in Sierra Leone or purchased there.

17.5 Provided that arrangements satisfactory to the Commissioner of Income Tax have been made in respect to the discharge of an official or employees' liability to income tax, the Lessee shall have the right to provide to that employee the whole or any part of remuneration due in any currency outside Sierra Leone.

17.6 For the purposes of this Clause 17, “expatriate employee” means an official or employee not normally resident in Sierra Leone who is engaged under a contract which provides for payment of passage to and from Sierra Leone.

CLAUSE 18 – FINANCIAL STATEMENTS AND BOOKS

18.1 The Lessee shall engage a reputable local accounting firm for the purpose of producing audited accounts for each financial year.

18.2 Within 30 days of the end of each quarter and 90 days of the end of each year, the Lessee will provide the Lessor with a quarterly or annual report of financial and operating activity, including a copy of unaudited financial statements for such period. Such financial statements shall include the balance sheet, a statement of earnings and a statement of cash flows expressed in United States Dollars.

18.3 By 30 June of each year, the Lessee will provide the Lessor annual financial statements for the previous financial year that have been audited by an independent internationally recognized accounting firm registered in Sierra Leone.

18.3.1 The Lessor, at its cost, may audit such statements or appoint an auditor to conduct such an audit on its behalf. The Lessor and/or its auditor (as the case may be) shall be given access to all underlying documents necessary to complete the audit of such annual financial statements.

18.4 The Lessor shall, upon reasonable notice and from time to time, have access to the books of account of the Lessee including all bank accounts.

CLAUSE 19 – CONFIDENTIALITY AND DISCLOSURE

19.1 All data, information and reports relating to the Mining Lease Area or to the Mining Operations owned by or in possession of the Lessee shall be treated as confidential by each of the Parties and no Party shall disclose the contents hereof to any third party without the written consent of the other Parties subject, however, to Clause 19.2. The Parties shall take such steps as are necessary to ensure that their officers, employees or agents comply with the provisions hereof.

19.2 The obligation specified in Clause 19.1 above shall not operate so as to prevent disclosure:
19.2.1 to Affiliates or contractors of the Lessee to the extent necessary for the purposes of its Mining Operations;

19.2.2 to employees, professional consultants, advisors, data processing centers and laboratories, where required for the performance of functions in connection with the Mining Operations of the Lessee;

19.2.3 to banks or other financial institutions, in connection with the Mining Operations;

19.2.4 to bona fide proposed assignees or transferees of an interest hereunder of the Lessee or in connection with a sale of stock of the Lessee;

19.2.5 to consultants or advisors to the Lessor in connection with the Mining Operations or the administration or implementation of the Mining Law or this Agreement;

19.2.6 to the extent required by any applicable law from time to time; executive order or Governmental or regulatory agency, or in connection with any legal or arbitral proceedings or by the regulation of any stock exchange;

19.2.7 to Government Departments for, or in connection with, the preparation publication by or on behalf of the Lessor of statistical reports with respect to the Mining Operations, or in connection with the administration of this Agreement or any relevant law or for any purpose connected with the Mining Operations; and

19.2.8 by a Party with respect to any data or information which, without disclosure by such party, is generally known to the public.

19.3 Any data, information or reports disclosed by a party to any other person pursuant to Clause 19.2 shall be disclosed on the terms that such data, information or reports shall be treated as confidential by the recipient.

CLAUSE 20 – CHANGE OF CONTROL

20.1 The Lessee shall provide written notice to the Lessor of any Change of Control within 30 days after the consummation of such Change of Control.

CLAUSE 21 – ASSIGNMENT

21.1 The Lessee shall not assign to any person, firm or corporation not being a party hereto, in who e or in part any of its rights or privileges, duties or obligations under this Agreement other than to a person who qualifies to hold the Mining Lease and conduct Mining Operations pursuant to the Mining Law.
21.2 An application shall be made for the approval of a transfer and shall give to the Minister such details of the transfer as may be prescribed together with such other information as the Minister, on the advice of the Director, may require.

21.3 Subject to Clause 21.1, the Minister, on the advice of the Director, shall give the approval to the transfer of the Mining Lease, and the transferee shall assume and be responsible for all right, liabilities and duties incurred by the Lessee under this Agreement prior to the transfer.

21.4 A transfer or pledge or encumbrance of an exploration licence shall not be effective until it is registered pursuant to the Mining Law.

CLAUSE 22 – SUBCONTRACTORS

22.1 Upon the Lessor’s request, the Lessee shall provide the Lessor with copies of:

22.1.1 any contract with an Affiliate of the Lessee; and

22.1.2 any contract with a non-Affiliate of the Lessee with a value of more than US$5,000,000 (five million United States Dollars) over the term of such contract.

22.2 The Lessor shall have the opportunity to conduct reasonable due diligence on any contractual arrangement of the Lessee, whether with an Affiliate or non-Affiliate.

22.3 The Lessee shall ensure that each of its subcontractors complies with all of the obligations imposed upon the Lessee under this Agreement.

CLAUSE 23 – FORCE MAJEURE

23.1 Failure on the part of either the Lessor or the Lessee to fulfill any of the terms and conditions of this Lease shall not give the Lessor or the Lessee any claim against the other or to be deemed in breach of this Agreement insofar as such failure arises from force majeure. If, through force majeure the fulfillment of any of the terms and conditions of this Agreement is rendered impossible, hindered or delayed, the period of such delay shall be added to the relevant periods provided in this Agreement. In this context, “force majeure” means, without limitation, an act of God, peril of air, land or sea navigation, action of the elements, storm, flood, earthquake, ground cave-in, subsurface pollution (natural gas etc.), explosion, fire terrorist activity or other hostilities, war (declared and undeclared), blockade, insurrection, civil commotion, riot, medical emergency, revolution, embargoes and any other cause which the party affected could not reasonably prevent or control.

23.2 The party claiming suspension of its obligations on account of force majeure shall promptly notify the other in writing of the occurrence thereof. In such event the party claiming suspension of its obligations as aforesaid shall take reasonable
actions to remove the causes thereof and, upon removal of the cause, promptly notify the other party and shall take all reasonable steps for the resumption of its obligations as soon as possible after the removal of the force majeure situation.

CLAUSE 24 – TERMINATION OF MINING LEASE

24.1 The Lessee may terminate the Mining Lease at any time by giving to the Lessor not less than three months’ notice in writing.

24.2 Pursuant to the Mining Law, the Lessee may surrender any part or parts of the Mining Lease Area at any time during the term of the Mining Lease by giving not less than three months notice in writing to the Minister to that effect; and upon expiry of such notice the land surrendered shall cease to be comprised in the Mining Lease.

24.3 In any of the following events, namely

24.3.1 if and whenever any royalty payable under this Agreement by the Lessee be in arrears for a period in excess of three months after the date upon which such payment is due and payable, or

24.3.2 if the Lessee shall fail to cease using wasteful mining or treatment practices, after being so ordered by the Minister in accordance with the Mining Law, or

24.3.3 if there be a material breach by the Lessee of any other requirement of the Mining Law applicable to the Lessee under the terms of this Agreement, then, subject to Clauses 24.4 to 24.7, the Lessor may terminate this Agreement by serving on the Lessee a notice in writing specifying the particular breach if such breach is capable of being remedied or, if not, to make compensation in money for the breach, provided always that the aforesaid power shall not be exercised unless and until the Lessee fails within a reasonable time (not being less than three months) from the date of such notice to remedy the breach if capable of being remedied, or, if not, to make reasonable compensation in money to the satisfaction of the Lessor for the damages caused by such breach.

24.4 The Lessee shall have the right, with the written consent of the Lessor, to pledge or otherwise create security interests over the Mining Lease, both movable and immovable in order to secure financing. Such written consent shall not be unreasonably withheld. The Lessor shall provide each mortgagee, trustee, receiver or administrator under a mortgage, deed or trust or other instrument encumbering the Lessee’s rights under this Agreement with a copy of any written notice regarding nonpayment of royalty or other non-compliance with the terms of this Agreement, and any written notice of termination to the Lessee under this Clause 24. The Lessee and each mortgage holder, trustee, receiver or administrator shall have the duty to notify the Lessor of its name and mailing address.
24.4.1 Each such mortgagee, trustee, receiver, or administrator shall have a reasonable period of time from the date of receipt of such copy notice (being at 90 days) in which to remedy any non-payment or noncompliance complained of and substantiated by the Lessor.

24.5 The Lessee may duly file for arbitration as provided in Clause 27 hereof and thereupon all proceedings relating to the termination of this Agreement shall be suspended until resolved by such arbitration.

24.6 Termination of this Agreement under this Clause 24 shall be without prejudice to any rights or liabilities which had accrued or fallen due before this Agreement was terminated or deemed to have been terminated. Upon termination, the Parties shall be entitled to receive such amounts owing to them before the termination of this Agreement or the transactions contemplated hereby.

24.7 For the purposes of this Agreement, the word “termination” shall, where the context so permits, include termination, suspension, cancellation, revocation, or other proceedings affecting the Mineral Right or any other rights under this Agreement, and the word “terminate” shall be construed correspondingly.

CLAUSE 25 – CORRUPT PRACTICES

25.1 The Lessee represents and warrants that none of the Lessee, any of its employees acting in the course of their employment, and any Person acting on behalf of the Lessee has made or promised to make any payment or transfer of anything of value, directly or indirectly, to or for the benefit of an Official or an Official’s family member or to an intermediary for payment to or for the benefit of an Official or an Official’s family member in connection with this Agreement or the transactions contemplated hereby.

25.2 The Lessor represents and warrants that neither the Lessor nor any Official on behalf of the Lessor has solicited any payment or transfer of anything of value, directly or indirectly, to or for the benefit of the Lessor or such Official in connection with this Agreement or the transactions contemplated hereby.

25.3 The Parties shall comply with anti-corruption laws at any time and from time to time applicable in Sierra Leone.

CLAUSE 26 – APPLICABLE LAW

26.1 Except as otherwise specifically provided in this Agreement, this Agreement shall be governed by, interpreted and construed in accordance with the laws and regulations of The Republic of Sierra Leone, as in effect from time to time.
CLAUSE 27 – CONCILIATION AND ARBITRATION

27.1 The parties shall in good faith endeavour to reach an amicable settlement of all differences of opinion or disputes which may arise between them in respect to the execution, performance and interpretation of this Agreement and in respect of the rights and obligations of the Parties under this Agreement.

27.2 In the event that the parties shall be unable to reach an amicable settlement of such dispute within a period of three (3) months from entering into negotiations thereon, either party shall submit the matter to exclusive jurisdiction of a board of three (3) arbitrators who shall be appointed and carry out their mission in accordance with the Arbitration Rules and Regulations of the International Chamber of Commerce (ICC). The venue of the arbitration shall be London. The English language shall be used in the proceedings. The award and any decision of the Arbitration Board shall be binding upon either party having the same force and effect as a judgment of a court of last resort of that party’s country.

27.3 Dispute resolution or arbitration proceedings, in accordance with Clauses 27.1 and 27.2, shall not release either party from any of its obligations under this Agreement, and this Agreement shall remain in full force and effect until otherwise terminated in accordance with the terms of this Agreement.

CLAUSE 28 – NOTICES

28.1 Any notice, request, consent, or other communication to be given hereunder shall be given in the English Language and will deem to have been duly given when delivered in writing or by email (with appropriate answer back received) or by facsimile transmission (with written confirmation of receipt, which may be by facsimile transmission) to a Party at its address indicated below or to such other address as may be furnished for this purpose by such Party:

If to the Lessor:
The Director of Mines, Ministry of Mineral Resources,
5th Floor, Youyi Building, Brookfields,
Freetown, Sierra Leone

If to the Lessee:
The Chief Executive Officer
84 Wilkinson Road
Freetown, Sierra Leone

CLAUSE 29 – NON VARIATION

29.1 This Agreement contains the entire and only agreement between the Parties and no variation thereof, including any agreement to vary the terms of this Clause,
shall have any effect or be binding upon the parties unless in writing and signed by both the Parties; provided, however, that any amendment that is inconsistent with then-applicable law may require Parliamentary ratification.

CLAUSE 30 – RATIFICATION

30.1 Immediately upon execution of this Agreement, the Lessor will cause it to be ratified by the Parliament and promptly cause it to be promulgated thereafter as an act of Parliament by publication as a Supplement to the Sierra Leone Gazette.

IN WITNESS WHEREOF, the Parties have caused this Lease to be executed in the manner hereinafter appearing:

SIGNED AND SEALED AND DELIVERED by Alhaji Alpha Saahid Bakarr Kanu, Minister of Mineral Resources, on behalf of the Republic of Sierra Leone.

ALHAJI ALPHA SAAHID BAKARR KANU
Minister of Mineral Resources

SIGNED AND SEALED AND DELIVERED for and on behalf of Koidu Holdings S.A.

JACOBUS PETRUS RONGE
Authorised Signatory

In the presence of

In the presence of

26
SCHEDULE I

THE MINING LEASE AREA

DESCRIPTION AND PLAN OF LAND SITUATED IN TANKORO CHIEFDOM, KONO DISTRICT IN
THE REPUBLIC OF SIERRA LEONE
(known as the Koidu Kimberlite Project)

The lease area lies entirely within the Tankoro Chiefdom, one of fourteen
(14) Chiefdoms comprising the Kono District

The two (2) Kimberlite pipes and four (4) dyke zones which constitute the
deposit of interest within the lease area have been known for many years. These
Kimberlite deposits have since 1953 been sampled to varying degrees by SLST (1953-

The attached plan indicates the position of the Mining Lease Area at the
chiefdom level. The schedule which follows describe in precise terms the outline of the
Mining Lease Area.
KOIDU HOLDINGS SA

UPDATED COORDINATES FOR ML 6 / 95

Area = 4.9873 sq. km

<table>
<thead>
<tr>
<th>Beacon ID</th>
<th>X - Coordinates</th>
<th>Y - Coordinates</th>
<th>UTM Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>282268</td>
<td>955286</td>
<td>29</td>
</tr>
<tr>
<td>2</td>
<td>282542</td>
<td>955042</td>
<td>29</td>
</tr>
<tr>
<td>3</td>
<td>282662</td>
<td>954725</td>
<td>29</td>
</tr>
<tr>
<td>4</td>
<td>283850</td>
<td>955350</td>
<td>29</td>
</tr>
<tr>
<td>5</td>
<td>284251</td>
<td>955540</td>
<td>29</td>
</tr>
<tr>
<td>6</td>
<td>284251</td>
<td>955165</td>
<td>29</td>
</tr>
<tr>
<td>7</td>
<td>284780</td>
<td>955440</td>
<td>29</td>
</tr>
<tr>
<td>8</td>
<td>284660</td>
<td>953210</td>
<td>29</td>
</tr>
<tr>
<td>9</td>
<td>284500</td>
<td>953200</td>
<td>29</td>
</tr>
<tr>
<td>10</td>
<td>282569</td>
<td>953198</td>
<td>29</td>
</tr>
<tr>
<td>11</td>
<td>282283</td>
<td>953340</td>
<td>29</td>
</tr>
<tr>
<td>12</td>
<td>282276</td>
<td>953701</td>
<td>29</td>
</tr>
<tr>
<td>13</td>
<td>281900</td>
<td>953650</td>
<td>29</td>
</tr>
<tr>
<td>14</td>
<td>281930</td>
<td>954195</td>
<td>29</td>
</tr>
<tr>
<td>15</td>
<td>282268</td>
<td>954363</td>
<td>29</td>
</tr>
</tbody>
</table>
SCHEDULE 2

PROGRAMME OF PROPOSED MINING OPERATIONS

PART 1. BANKABLE FEASIBILITY STUDY (BFS)

The Life of Mine (LOM) commercial exploitation of the diamond resources in Nos. 1 and 2 Kimberlite pipes, the enlargement on Dyke Zone "A" and enlargement on Dyke Zone "B", Dyke Zone "A" and Dyke Zone "B" will be preceded by the completion of a BFS in pursuit of which internationally accredited consultants will be contracted to carry out a processing plant upgrade study (85tph to 150tph) to increase current processing capacity from 50tph, in addition to core drilling, mineral sampling, bulk sampling at depth on No 2 pipe, geotechnical evaluation and geohydrology investigations. The respective programmes will be undertaken in support of formulating a robust resource statement, geological model and mining feasibility study. The BFS is expected to be completed by the end of 2009.

Phase 1. Core Drilling Programme

Core drilling will be undertaken to firm up the resource statement as well as in support of geotechnical investigation and mineral analysis as follows;

i. Proposed decline for underground access, metres 1,200 - cost US$ 184,000

ii. Dyke zones, metres 9,520 - cost US$ 1,460,000

iii. No 1 pipe, metres 2,100 - cost US$ 322,000

iv. No 2 pipe, metres 1,200 - cost US$ 184,000

v. Total capital expenditure - US$ 2,170,000

Phase 2. Mineral Sampling and Analysis

Mineral sampling to be completed in respect of Petrographic, geochemistry, and micro diamond analysis - cost US$ 52,000

Phase 3. Bulk Sampling on Dyke Zone A and Dyke Zone B.

Bulk samples will be extracted from surface on Dyke zones A and B the target would be to recover a representative parcel of 2,000 cts from each of the two dyke zones. Two options are being considered for implementation starting March 2009 namely;

- Surface mining targeting a depth of between 3m to 6m of fresh kimberlite
Civil engineering tool (Bauer Trench Cutter) targeting a depth of between 50m to 80m

Phase 4. Bulk Sample programme on No 2 Pipe

No 2 pipe has not been mined since 2005, the pipe will be dewatered and muck and silt removed in order to facilitate the refurbishing of the existing ramp down to 325 m amsl. Four 23 inch diameter holes will be drilled to 250m depth each in order to extract a representative macro diamond sample. The programme is scheduled for completion by May 2009 - cost US$ 600,000

Phase 5. Geohydrology Drilling Programme - No 2 pipe

In order to complete the geohydrology programme, four 17 inch diameter holes of 200m depth each will be drilled around the perimeter of No 2 pipe - cost US$ 700,000

Capital Costs

i. Estimated minimum capital expenditure - US$5,000,000

PART 2 MINE PRODUCTION

In order to improve the cash flow situation the current 50tph processing plant will be utilized during 2009. Ore will be extracted from Dyke zone “A”, Dyke zone “B”, Dyke zone “A” enlargement and No 2 pipe using surface mining methods. A Civil Engineering tool (Bauer Trench Cutter) has been identified and mobilized to perform a trial mining test on the various ore bodies and it is hoped that an effective depletion rate equating to at least 10 cubic metres per hour will be achieved utilizing this method. Dyke zone “B” will be targeted for the initial trail mining tests.

Depletion Plan 2009

i. Dyke zone “B” - Trench Cutter telescope mining or surface mining - 100,000t ore
ii. Dyke zone “A” enlargement - 20,000t ore
iii. No 2 pipe - 170,000t ore
iv. Total mining (ore) - 290,000t
v. Total mining waste - 1,000,000t

Processing 2009

i. Dyke zone “B” and enlargement - 120,000t at a grade of 0.55ct/t (66,000cts)
ii. No 2 pipe - 80,000t at a grade of 0.28ct/t (22,400cts)

iii. Total processing - 200,000t (88,400cts)

Closing stockpile 2009

i. No 2 pipe - 90,000t at a grade of 0.28ct/t

Note: Grades are subject to verification after bulk sample process

Operating costs

i. Average cost per unit processed - US$80/t

ii. Total operating cash costs - US$16,000,000

PART 3 MINE DEVELOPMENT

The economic viability of continuing with the open pit mine plan on No 2 pipe will be assessed after the completion of the bulk sample programmes conducted on the ore body during phase 1 and phase 2. The intention is to deplete No 2 pipe over a period of four years whilst development of the underground is ongoing. A pit optimization model and a practical pit design have been concluded and these are currently under review in order to formulate a detailed open pit design. It is envisaged that a total of 20,000,000 tonnes will be mined constituting 2,100,000 tonnes of ore and 18,900,000 tonnes of waste at a stripping ration of 8.8.

It is envisioned that the No 2 pipe open pit will be included in the total mine schedule for the LOM underground mining play. The LOM plan is subject to completion of the BFS and subsequent securing of financing. However, it is envisioned that a twin decline access method will be developed in order to deplete No 1 pipe, Dyke zone “A”; enlargement and dyke zones “A” and “B”.

Notes:

i. The above work programme, schedules and costs are based on estimates and are subject to completion of bulk samples and feasibility studies as outlined as well as market conditions and operational / technical conditions.
SCHEDULE 3

MINERALS INCLUDED WITHIN THE MINING LEASE

Diamond
Gold
Associated Minerals (as defined in the Mining Law)

SCHEDULE 4

HANDLING, SORTING, VALUATION, EXPORT AND MARKETING OF DIAMONDS

The Lessee shall sell prescribed mineral products obtained under its mining operations (a) in accordance with generally accepted international business practices; (b) at the best available international market prices at the time the contract for sale is made; and (c) on the best international terms compatible with world market conditions and conditions obtainable in the circumstances. The Lessee shall make sales commitments to Affiliates only at prices based on or equivalent to arms-length sales to non-affiliated purchasers and in accordance with such terms and conditions on which agreements would be made if the parties had not been affiliated. Failure to comply with the preceding two sentences shall result in the Minister, on the advice of the Minerals Advisory Board, determining the appropriate price.

The Lessee shall establish a sorting office in Sierra Leone and will provide appropriate training for suitable citizens.

The Valuer in making his valuation shall take into account the prevailing Diamond Trading Company (DTC) diamond purchase price for Sierra Leone diamonds and shall work with the Lessee’s representative in close harmony.

In the event that the Lessee is unable to accept the valuation of the Valuer on any diamond or parcel of diamonds it will notify the Minister in writing identifying each diamond or parcel of diamond that is in dispute. The Parties shall thereupon mutually decree the appointment of an Independent Valuer of international repute who will be asked to value such diamonds, at the sole cost of the Lessee. The valuation of an Independent Valuer shall be binding on the Parties. Alternatively, and with mutual agreement of the Valuer and the Lessee, special diamonds of value in excess of Five Hundred Thousand United States Dollars (US$500,000.00) may be sent for competitive
international tender. If a tender is arranged, the Valuer may be present to witness the event.

As regards marketing, the Lessee may offer its diamonds to whomsoever it wishes in a free market but the valuation set by the Valuer shall be considered to be the reserve price for a period of three months. In the event that this price is not reached then the reserve price may be reviewed by an Independent Valuer of international repute. The Lessee’s marketing strategy may inevitably alter as market conditions change but as a general rule it will always take a long term view whilst having due consideration for its financial condition. In times of difficult market conditions the Minister will be kept fully briefed on a regular basis and his views sought.

Subject to its compliance with the provisions of this Schedule, the Lessee shall have the right freely to export and sell all production be it precious metals or diamond from the Mining Lease Area without restriction, interference or imposition of conditions by the Lessor or any Agency thereof.
SCHEDULE 5
EMPLOYMENT AND TRAINING

The following policies and procedures will be followed with respect to the hiring and training of local workers.

Sierra Leone citizens will be given priority in hiring for positions which are compatible with their experience and skill. In no case will unskilled positions be filled by non-Sierra Leone citizens. Candidates will be interviewed and selected for maintenance positions at the plant and mine.

The Lessee sees training of staff at all levels as an absolute priority and will provide funds for training of suitable individuals at all levels both in Sierra Leone and overseas. In the initial stages the emphasis will be on safety and the development of underground skills in all disciplines.

The Lessee will make available an annual budget of $100,000, (a) 60% of which will be used for the training of suitable employees at all levels in Sierra Leone and overseas, and (b) 40% for training of Sierra Leone students of secondary school leaving age in various technical vocational institutes in Sierra Leone.

The investment decision of the Lessee has been influenced by the knowledge that there is a large cadre of extremely able and experienced Sierra Leoneans from mine level to management, most of whom were trained by Selection Trust and NDMC. Wherever possible, suitable candidates will be found for appropriate posts, with excellence of skills, work ethic and good character being the sole criteria for employment.

It is the declared policy of the Lessee to keep expatriate recruitment to a minimum consistent with fair play, good security and efficiency.

Any contracting arrangements entered into by the Lessee will contain the provisions, that Sierra Leone Citizens are to be employed where possible, and that these employees are to be genuinely trained and groomed for higher skilled positions. Training will be provided for suitable Sierra Leone citizens in the Lessee’s Sorting Office due to be set up.
SCHEDULE 6
MINE CLOSURE AND RECLAMATION

Mine closure plan attached immediately following this Agreement.
SCHEDULE 7
PROFIT SHARING

1. DEFINITIONS

In this Schedule 7 –

1.1 “Kono Community” means the community entitled to a 10% (ten per cent) profit share represented herein by the following participants in the following percentages –

1.1.1 Kono District Council...............................3% (three per cent);
1.1.2 Koidu New Sembehun Town Council......2% (two per cent); and
1.1.3 Tankoro Chiefdom.....................................5% (five per cent),

which participants will be the beneficiaries of the trust to be constituted in terms of the provisions of 2.1.1 (in the proportions set out in this 1.2);

1.2 “Shareholders’ Claims” means any claims in the form of loan account or otherwise which the Shareholders may have against Koidu from time to time and for the time being; and

2. FORMATION OF COMMUNITY TRUST

As soon as practicable after the date of this Agreement, and in any event on or before the distribution of any Profit by the Lessee, or by such later date as may be agreed in writing between the Parties, the Lessor shall procure that a trust is properly formed, constituted and registered as a trust in terms of the laws of Sierra Leone for the benefit of the Kono Community on terms and conditions acceptable to the Lessee, including specifically, but without limiting the generality of the foregoing, the appointment of trustees (the “KC Trust”).

3. PROFIT SHARE ARRANGEMENT

3.1 Profit Share

3.1.1 Subject to the prior repayment of all Shareholders’ Claims, the Lessee agrees to pay to each of the Lessor and the KC Trust, within 15 days following receipt by the Lessee of its audited financial accounts for each fiscal year, a sum equal to 10% (ten per cent) of the Profit generated during such fiscal year.
3.1.2 All amounts payable by the Lessee to the Lessor and the KC Trust in terms of this Agreement shall be paid into such bank accounts as are notified to the Lessee.

3.2 Participation Rights

The Lessor shall be entitled to appoint—

3.2.1 a senior financial officer as part of the senior management team of the Lessee in relation to the Koidu Kimberlite Project; and

3.2.2 a representative to the board of directors of the Lessee (the “Lessor Representative”) on the following basis:

3.2.2.1 The Lessor Representative shall receive all notices and agendas of board meetings, together with all underlying and supporting documentation, on behalf of the Lessor.

3.2.2.2 The Lessor Representative shall be entitled to attend all board meetings of the Lessee and to speak at such board meetings on behalf of the Lessor.

3.2.2.3 The Lessor Representative shall act in a representative capacity and not as a director of the Lessee.

3.2.3 The Lessor procures to ensure that its appointee under Clause 3.2.2 shall resign upon termination of the Mining Lease.
MINE RECLAMATION AND CLOSURE PLAN

For

KOIDU HOLDINGS SA’s KOIDU KIMBERLITE PROJECT

Prepared for Koidu Holdings SA.

Cemmats Group Ltd.
Delco House
12 Lightfoot Boston Street
Freetown, Sierra Leone

February, 2009
1.0 INTRODUCTION

This report documents the Mine Reclamation and Closure Plan (MRCP) developed to outline the general closure and reclamation programmes for Koidu Holdings SA's (hereafter referred to as KH) Koidu Kimberlite Mining Project (hereafter referred to as KKMP).

Mine closure is an ongoing programme designed to restore physical, chemical and biological quality of areas disturbed by the mining to a level acceptable to all concerned. It must aim at leaving the area in such a way that rehabilitation does not become a burden to the society after mining operation is over. It must also aim to create a self-sustained ecosystem. Mine closure is a continuous series of activities starting from the initiation of a mining project.

In planning for closure, there are four key objectives that must be considered:

1. protect public health and safety;
2. alleviate or eliminate environmental damage;
3. achieve a productive use of the land, or a return to its original condition or an acceptable alternative; and,
4. to the extent achievable, provide for sustainability of social and economic benefits resulting from mine development and operations.

Impacts that change conditions affecting these objectives are often considered under four groupings:

1. Physical stability - buildings, structures, workings, pit slopes, underground openings etc. must be stable and not move so as to eliminate any hazard to the public health and safety or material erosion to the terrestrial or aquatic receiving environment at concentrations that are harmful. Engineered structures must not deteriorate and fail.

2. Geochemical stability - minerals, metals and 'other' contaminants must be stable, that is, must not leach and/or migrate into the receiving environment at concentrations that are harmful. Weathering oxidation and leaching processes must not transport contaminants, in excessive concentrations, into the environment. Surface waters and groundwater must be protected against adverse environmental impacts resulting from mining and processing activities.

3. Land use - the closed mine site should be rehabilitated to pre-mining conditions or conditions that are compatible with the surrounding lands or achieve an agreed
alternative productive land use. Generally the former requires the land to be aesthetically similar to the surroundings and capable of supporting a self-sustaining ecosystem typical of the area.

4. Sustainable development - elements of mine development that contribute to the sustainability of social and economic benefit, post mining, should be maintained and transferred to succeeding custodians.

In order to minimize the various impacts, risks and liabilities, it is necessary to anticipate, as early in the process as possible, potential future liabilities and risks, and to plan for their elimination or minimization. In many areas, much of the liability or risk is associated with the uncertainty of the requirements for closure and rehabilitation from the succeeding custodian (be it a government agency, community organization or corporate entity). The mining company should determine, and provide for, the requirements of the succeeding custodians, gain their support for the closure plan and minimize the risks and liabilities that may derive from succeeding custodian rejection or objection to the closure measures at the time of mine closure. It is necessary to cover the cost of plan implementation, long term operations, monitoring and maintenance of the site post closure.

This plan includes descriptions of surface preparation, soil material placement, seeding and planting, soil amendments, and monitoring of revegetation success. Closure activities will be performed to stabilize the site. Closure of the mine will include efforts required to chemically stabilize the site, as well as physically stabilize ponds created, tailings piles, and removal of aboveground structures, including processing facilities. Reclamation activities will be implemented to re-establish a beneficial post-mining land use, which will consist primarily of agricultural lands. Reclamation activities will include regrading disturbed areas to provide topographic relief that blends with the surrounding areas and will include applying soil amendments, seed bed preparation, planting and performance monitoring. Where practical, closure and reclamation activities will be performed concurrently with mining activities. Concurrent closure and reclamation will reduce reclamation costs at the end of the project as well as develop and improve reclamation techniques that can be continually improved over the life of the project to maximize revegetation success and productivity. Pressure on land resources and available farmland is often acute and leads to over utilization and degradation of the resource base in the area. Agricultural development is one of the main areas of investment under KH’s Community Development Action Plan.

There are several other reports that allude to socio-economic development issues in the mining area that are important to the closure plan. These are not covered in detail in this report but are nevertheless referenced. It is recognised that these elements of mine development that contribute to the sustainability of social and economic benefit, post mining, should be maintained and transferred to succeeding custodians.

1.1 Objectives
The mine reclamation and closure program has as a major objective the conversion of mined lands to an income-generating end use. Following cessation of mine operations, disturbed areas will be stabilized and reclaimed to a number of alternative land uses that will provide income opportunities for local communities. These alternative land uses will include the establishment of cash crops. The final land uses will be determined based on the agro-economic potential of the area and through public consultation programs. Post-mining land uses will draw from the investment in the Community Development Action Plan for agricultural intensification programs.

The MRCP is based on the following general objectives:

- Limit the area of land disturbance;
- Progressively reclaim disturbed land when no longer needed to support the project;
- Conduct project activities in ways aimed to reduce post-closure maintenance and monitoring;
- Salvage buildings, equipment or materials for which an end use after closure of the mine has been identified and to remove those that have no valuable end use;
- Consult with local stakeholders to identify reclamation options which present opportunities for improved agricultural and natural resource values;
- Restore disturbed land to conditions of similar agricultural value than before the project; and
- Develop sustainable community development and income diversification programs during operations to mitigate the potential social and economic effects of the mine closure.

As the project advances, the plan will be revisited and refined to reflect changes in mine development, operating plans, environmental conditions, and public inputs. It is the responsibility of the Environmental and Community Development Manager to oversee the effective implementation of reclamation programs, to evaluate the performance of the various reclamation initiatives, to improve reclamation procedures over time with an aim toward increased productivity, and to provide the required updates to the MRCP.

1.2 General Ecology of the KH Mining Lease area and other considerations

The KKMP Mining lease is only 4 sq. km in area and represents a relatively small area of land in the Chieftainy and District. The site has been mined before by other companies and there is a progressive resettlement project currently being implemented to resettle villages within the lease. Adequate provision has been made for agricultural land at the new settlements. The lease area has also been heavily mined by artisanal miners in the past, with adverse consequences for the general ecology. Notwithstanding these, KH will attempt to prepare the land, within practical limits to an acceptable state that will encourage resumption of farming activities. A large portion of the land has been scarred by artisanal mining and the ground lies bare. Other areas are affected by current mining
activities. There are however plant communities in various areas within the lease. Plant communities represented within the project area include fallow agricultural land/forest regrowth and inland valley swamps. The dominant plant community in the area is fallow agricultural land, which has been created by past agricultural practices. Fallow agricultural land comprises plant communities that have been cultivated, but are currently fallow as a result of local agricultural practices known as a slash-and-burn techniques, which are used to clear a patch of land. The area is then cultivated for a period of one or two years, and then left fallow for several years to allow the soil to rebuild nutrient capacity to sustain agricultural crops in the next farming cycle. Crops that are continuously grown using slash and burn techniques include rice and cassava, and a variety of other vegetables. In the past, the typical fallow period lasted between 10 to 12 years. However, increasing land pressure from a growing population has significantly reduced the fallow periods. This has resulted in an overall decrease in soil fertility in many cultivated areas.

2.0 ENVIRONMENTAL AND SOCIAL ACTION PLAN

The Environmental and Social Impact Assessment (ESIA), carried out by Cemmats and Digby Wells and Associates in 2003 covered the following areas of work:

- Environmental Baseline study
- Environmental and Social Impacts
- Environmental Management Plan (EMP) (management and monitoring)
- Community Development Action Plan (CDAP)
- Resettlement Action Plan (RAP) and
- Public consultation and Disclosure Process

The EMP, CDAP, RAP and PCDP essentially covered many aspects of the Environmental and Social Action Plan (ESAP). The ESAP defines the mitigation, management, monitoring, and institutional measures to eliminate, offset, or reduce the environmental and social impacts to acceptable levels. It defines specific actions that KH will undertake to implement these measures and to document environmental and social performance of these measures. Other plans should also complement the ESAP. Such plans define the specific procedures, actions, and monitoring needed to accomplish certain tasks required at KKMP. These include the following:

- Waste Management Plan (WMP)
- Emergency Response and Contingency Plan (ERCP)
- Mine Reclamation and Closure Plan (MRCP)

Each of these plans should be developed based on the project plans, current site conditions, and the consultants’ understanding of the local and regional environmental, social, and economic conditions. These plans will require the participation of KH managers, supervisors and employees, and the implementation of the procedural activities contained within the plans.
The MRCP, which is the subject of this report is intertwined with the other plans mentioned. A well implemented CDAP goes a long way to addressing many of the issues that will augur well for the community even after mining ceases. A broad description KH’s CDAP is provided in Section 3.0.

3.0 KH’s APPROACH TO ADDRESSING RECLAMATION AND CLOSURE ISSUES

Mine reclamation and closure issues need to be addressed continuously throughout the life of the mine. KH is already addressing many of the socio-economic issues through its community Development Action Plan. Such plans are not sacrosanct and would constantly need to be revised. KH will review its CDAP to ensure that programmes undertaken will continue to benefit the community post mining. KH will also address the issue of managing economic repercussions of mine closure and manpower retrenchments and will address in greater specificity closure and reclamation methods.

3.1 Community Development Action Plan

KH recognizes that a community development program is essential in ensuring that local communities do not become dependent on the mining economy, but rather have a sustainable economy following mine closure. KH will invest into improving infrastructure, education, health care, and other economic programs to promote sustainability. The CDAP presents the actions that will be undertaken to further community development opportunities in the area. An effective public consultation program is a key component to the CDAP. The CDAP identifies program initiatives, and considers key stakeholders as members of a steering committee to prioritize and implement those initiatives. The Environmental and Community Development Manager is responsible for collecting stakeholder input through public consultation, planning, development, implementation and monitoring of the community development programs. Priorities will be set to provide the funding for the community development initiatives.

The CDAP also contains economic development and diversification initiatives. Mining inherently will take agricultural land out of beneficial use that local residents currently use for agricultural purposes. Population growth is rapid in this region so even without KH, the growing population alone results in increasing competition for and pressure on the available agricultural land in the area. The land demands for the mining project therefore exacerbate an already significant land pressure issue and therefore this issue demands rigorous mitigation efforts in order to assure that the residual project impacts are reduced to acceptable levels.

KH’s CDAP consists of a management strategy, broken up into recommendations that attempt to maximise benefits and minimise adverse impacts on the local community. The plan focuses on developing alternate livelihood opportunities. The key objectives of the CDAP are:
To provide opportunities for long-term community and economic development programmes for the target community;

- To identify appropriate mitigation measures to address socio-economic issues and impacts identified in the EIA;
- To identify appropriate mitigation measures to address induced population growth resulting from a possible influx of new comers into the area, attracted by the mine development;
- To seek ways of building mutually beneficial linkages between the affected people and other developments; and
- To develop initiatives in the district and region.

The CDAP suggests specific development initiatives. Some of these are listed below:

- Enhanced agricultural productivity through the introduction of improved crop and livestock production technologies and practices;
- Improved access to formal education through the establishment of educational infrastructure and facilities;
- Improved security within the communities through alliance with the National Enforcement Agencies;
- Improved access to utilities and facilities through development in those sectors;
- Improved health status through the provision of quality, affordable and accessible health care services; safe drinking water, improved sanitation and waste disposal;
- HIV/AIDS and STDs sensitisation and awareness raising on transmission and prevention;
- Improved adult literacy through the provision of adult literacy facilities;
- Enhanced middle-level manpower status through the provision of technical and vocational skills training opportunities;
- Youth empowerment; and
- Enhance the organizational, managerial and leadership capacities through training.

Furthermore, it is anticipated that the Mining Project will restore and sustain household incomes through a combination of improved agricultural practices and alternative sources of income such as:

- Skills training;
- Livestock and fisheries development;
- Support to small/medium size enterprises, micro-credit, and training in entrepreneurial skills;
- Adult literacy, technical, vocational skills development;
• Community infrastructure rehabilitation;
• Staff capacity training;
• Community sensitisation of blasting operations; and

Relevant economic diversification concepts will be introduced into local villages through the public consultation process and community development program.

3.2 Managing Economic Repercussions of closure of mine and manpower retrenchments

Manpower retrenchment and socio-economic repercussions of mine closure will be carefully considered in the closure plan. Due cognizance will be given to the following issues:

• Number of local residents employed in the mine and their reverting to alternative forms of employment;
• Compensation given to the employees connected with sustenance of himself and their family members after mine closure;
• Satellite occupations connected to the mining industry - number of persons engaged therein - continuance of such business after mine closes;
• Continued engagement of employees in the rehabilitation of the mining lease area and any other remnant activities; and
• Expectations of the community around due to closure of mine.

KH will carry out extensive consultations with local communities, local governance structures and Government on these issues.

3.3 Closure and reclamation methods

General closure and reclamation activities relevant to the KH Project are discussed in this section.

3.3.1 Facility Salvage, Demolition and Disposal

Buildings, equipment and infrastructure will be managed for closure after the mine closes down. The company clinic will be left in place and handed over to a competent local or government authority to manage. Offices and other structures that are not moveable will be left in place for community use. Stakeholder input will be used to determine the final disposition of mine facilities.

Closure of the site will include the decommissioning, demolition and disposal of the plants and ancillary facilities. The process Plant will be completely demolished and removed at the end of mining operations. In the case that the plant is not demolished, responsibility for its upkeep will be passed from KH to another party. This determination
will be accomplished through stakeholder participation. Salvaging of equipment and facilities will be encouraged. Disposal of various plant components will follow the guidelines of the Waste Management Plan. Following disposal of the plant, the entire area will be ripped, graded to blend with the surrounding topography, and vegetated.

Following salvage, demolition and disposal activities, the area will be graded to create a natural final topographic relief. The only material to be included in regrading the mine facilities will be inert material such as concrete, stone, and brick used for foundations. Other materials will be taken to either a Domestic Waste or Hazardous Waste Facility in accordance with the Waste Management Plan. Compacted surfaces will be ripped to relieve compaction and reduce surface run-off and sediment transport.

During facility closure, confirmation sampling and testing of the soils will be completed as needed to verify that areas have not been impacted by hydrocarbons or other potentially hazardous substances. In the case where hazardous substances are identified, the contaminated areas will be remediated in accordance with the Emergency Response and Contingency Plan.

### 3.3.2 Mined areas and other areas excavated

The mining operations, especially those due to the initial surface mining of pipes 1 and 2 will create water reservoirs. There are also areas where slimes has been deposited. Pipe 2 will eventually be mined by underground mining methods. It may not be possible to fully reclaim the land and it will not be cost effective to fill up such large craters. Considering that there will be a paucity of material to fill up the large voids, fish ponds are contemplated for these areas. This issue will be investigated in detail and discussed with the community. The slimes ponds will be partially drained. In doing so, this will expose slime areas that will require reclamation. Tailings pile slopes will not exceed a 3.0 horizontal to 1.0 vertical (3.0H to 1.0V) slope. Where feasible, tailings piles will be graded to match the surrounding topography. Once regraded, tailings will be covered with plant growth medium. The surface will also be graded to blend with the surrounding area where possible.

Tailings that are mine overburden will be reclaimed primarily to agricultural use. Tailings piles will be regraded but will not be ripped due to their sandy nature. Topsoil material (150 mm) will then be placed over areas where the minimum 2.0H to 1.0V slope is achievable. For most tailings piles, soil material will be placed over tailings to establish a plant growth medium. The steep slopes of the tailings piles may present several revegetation challenges. Typically, revegetation success is poor, erosion potential is high, and stability is low on slopes greater than 3.0H to 1.0V. Equipment operation is not as easy on slopes steeper than 3.0H to 1.0V, which makes planting and maintenance activities difficult. Several specialized revegetation techniques may be required for tailings piles. These may include the use of broadcast-seeding techniques, hydromulch, bonded fiber matrix or erosion blankets, and hand-planting of trees and shrubs.
A number of surface mined pits and borrow areas have been and will be created as part of mining operations. In some areas, excavation of surface mined and borrow areas has created small open pits with steep highwalls. These pits represent a potential safety and stability hazard. As part of closure, pit walls will be pulled back so that slopes are no steeper than 2.0H to 1.0V. The reclamation of dry mined and borrow areas will include the addition of soil amendments and revegetation.

3.3.3 Dam Safety

The earth dams on the lease are very low dams used mainly for water storage. Water storage and other dams built should be frequently inspected and problems remedied post mining. KH will be responsible for accomplishing dam safety inspections during operations, but must plan ahead for the period after mine closure. During the operating phase of the project, KH may contract the services of a cooperative organisation for an agreed upon wage to accomplish their dam safety audits. Through this on-the-job training process, the cooperative members will be sufficiently skilled at the end of the project life to carry out these inspections without KH assistance when mining is completed. The company will assure that long term funding is available to compensate for the inspection of dams by a qualified engineer at least every three years.

3.3.4 Roads

The project will reclaim roads and trails as necessary. There are numerous roads throughout the mine area that allow access to mine operations and to local villages. Some essential roads will be repaired. However, existing roads that will not be needed can be reclaimed. The community’s views will be sought on this issue. Many of the roads may be considered useful. Roads requiring closure will be ripped to remove compaction. Once ripped, roads will be regraded to blend with the local topography, limit erosion, and promote natural drainage. Culverts will be removed where necessary and the disturbed area regraded to allow for unobstructed drainage. Water bars, or small berms, approximately 25 cm tall, will be built as needed along regraded road surfaces to reduce overland flow. The water bars will also allow flow away from the water bar toward a natural draw or channel.

3.3.5 Domestic and Hazardous Waste Facilities

The Domestic Waste Facility will include putrescible materials and non-degradable wastes generated throughout the area. These wastes may include paper, cardboard, plastic, rubber, and food refuse. The Domestic Waste Facility will include a compacted soil cover (600 mm) as part of final closure. The final closure of the Hazardous Waste Facility will also require a soil cover that will be vegetated and shaped to promote drainage of surface run-off. It is noted that the primary, secondary and tertiary containment for hazardous waste will be included in concrete containment vaults. These will be fully described in the Waste Management Plan.
3.3.6 Surface grading

Long-term site stability and limiting erosion potential can be achieved through site grading. Site grading will also reduce visual impacts of past mining activities by blending the affected topography with the surrounding landscape. During grading, additional disturbance will be limited to the maximum extent practical. Sediment and erosion control measures will be implemented as part of the site grading work. In general, areas will be regraded to slope in the direction of the natural drainage. Slopes will be no steeper than 2.0H to 1.0V to reduce erosion potential and to maintain slope stability. Slopes will also be regraded to prevent ponding of water. Prevention of ponded water will be important to limiting potential mosquito breeding areas.

3.3.7 Sediment and erosion control

Limiting sediment contributions to downstream receiving waters, and establishment of site-wide erosion and sedimentation rates that are consistent with development of vegetation cover can be achieved by sediment and erosion control. At the KH Project, both short-term and long-term sediment control techniques will be employed. Short-term sediment control will include implementation of a number of control techniques such as surface roughening, mulching, and installation of silt fences and rock filter barriers. The implementation of these practices will reduce erosion and sedimentation rates during vegetation establishment. These sediment control structures will require regular inspection and maintenance until vegetation becomes adequately established. Vetiver grass (*Vetiveria zizanioides*) could be used for this purpose. It is an introduced species that does not spread on its own. When used as an erosion control, vetiver grass has to be planted in very thick rows. Areas between the rows are then seeded. The vetiver grass acts to reduce overland flow and facilitate establishment of seeded vegetation. On-site specialists will evaluate the feasibility of using vetiver grass as a short-term erosion control method.

Long-term sediment control plans will establish drainage and flood control techniques that will be employed to prevent croplands from becoming inundated with water during the wet season. Areas will be regraded to blend with existing topography, promote natural drainage, and reduce overland flow velocities. Diversion channels will be constructed to divert water around areas susceptible to erosion. Storm water controls that may be implemented for roads include water bars, slope reduction, and armoring areas susceptible to erosion.

3.3.8 Soil salvage and redistribution

Topsoil from areas such as borrow pits, spoil areas, and dam sites will be removed and stockpiled for later use in reclamation efforts. KH will develop a plan for topsoil recovery if the post mining plan will result in exposed tailings material. Several general guidelines will be followed for stockpiling soils. The height of stockpiles will be limited to the
extent possible to reduce compaction and to maintain the integrity of soils. Soil material will be placed in vertical lifts to limit handling and degradation of soil structure. Soil handling should be limited to the extent practical when it is either too wet or too dry. Handling wet soils often results in the creation of mud that can harden, and create a dense, brick-like layer with low permeability. Handling extremely dry soils can result in degradation of soil structure and loss of organic matter by breaking up soil aggregates. Stockpiled soils will be redistributed as part of reclamation activities. For areas that lack suitable plant growth materials, additional stockpiled soil will be used to create an adequate plant growth. Where possible and appropriate, stockpiled soil materials will be replaced to approximate topsoil depths. Soil material will not be screened to remove stones or rocks prior to placement. The use of heterogeneous materials will help to reduce erosion potential and also provide microsites to promote vegetation establishment.

3.3.9 Domestic and hazardous waste facilities

A soil cover will be used in the closure of the Domestic Waste and Hazardous Water Facilities. The cover helps limit water infiltration into these facilities. The Domestic and Hazardous Waste Facilities will include hydrologic control structures that mitigate the potential for erosion due to stormwater run-on and run-off.

3.3.10 Seed mixtures

The goal of the reclamation program is to reestablish disturbed lands to a productive, income generating post mining land use. As such, seed mixes will comprise domestic food items and cash crops based on stakeholder preferences. The use of native species in revegetation projects is generally preferred. Non-native species may also out-compete native species and thus inhibit the reestablishment of native plant communities.

3.3.11 Plant propagation and seedbed preparation

A seed collection and cuttings program will be implemented to generate plant material for reclamation. Seed collections and vegetative cuttings should focus on obtaining samples from “mother plants” from viable populations to help maintain genetic heterogeneity. Non-destructive propagation methods, such as seed collection and cuttings, will also be used to collect plant material. For areas that will be disturbed, removal and transplanting of entire plants is a viable option. If plants are removed, the disturbance to natural communities and large-scale removal of entire plants should be avoided until absolutely necessary.

A greenhouse or lathe house should be established for plant propagation. An on-site nursery will be established. The nursery will be used to raise plants that will later be used for reclamation activities. The Environmental and Community Development Manager will oversee the nursery and greenhouse/lathe house operations.
Seedbed preparation will be undertaken utilizing a number of techniques to physically prepare the soil for planting by removing compaction, breaking-up large soil aggregates, and developing a firm, but not compacted, seedbed. Seedbed preparation increases availability of water to plants, improves root penetration, removes competing vegetation, and promotes contact between planted seeds and the surrounding soil. Depending on the nature of the soil material, seeding and planting methods, and climate, a number of techniques can be used for seedbed preparation. Seedbed preparation techniques can be divided into primary and secondary tillage operations. Ripping, chisel plowing, and disking are the most common primary tillage techniques. Heavily compacted areas will be ripped prior to application of plant growth material. Potentially compacted areas include roads, trails, equipment storage areas, and other areas of equipment operation. Areas where vehicles with rubber tires have been operated can become severely compacted, and may require ripping to greater depths than other compacted areas. Common secondary tillage methods include harrowing, packing, and rolling.

3.3.12 Seeding methods

There are two basic seeding techniques for reclaiming sites: drill-seeding and broadcast-seeding. Drill-seeding will be primarily used at the KH Project where the goal is to reclaim sites to agricultural lands. The advantage of using drill-seeding is that seeds are placed directly in contact with the soil. This placement results in good soil/seed contact and also improves germination and seedling survival rates.

3.3.13 Tree and shrub planting

In planting trees, a 30 to 45 centimeter (cm)-wide area will be initially excavated to a depth necessary to properly position seedlings. Seedlings will be placed into the hole in as near a vertical position as possible. Depending on the soil quality, fertilizer packs may also be planted with seedlings to provide nutrients during initial establishment. After placement, the hole will be partially backfilled and the soil material will be partially packed. The hole will then be filled with water and backfilled using the remaining soil. In areas of poor soil quality, stockpiled topsoil will be placed into the hole. A small collection basin will then be formed around the seedling stem to catch water. Once the seedling has been transplanted, mulch will be applied to the area. A shingle or slat may then be placed adjacent to the seedling in a position that will decrease incident solar radiation and, as a result, decrease the potential for water loss via evaporation and transpiration. The installation of tubes or cages may be considered to protect the seedlings until they have become well established.

3.3.14 Application of fertilizers

Mineral fertilizers leach readily from soils and can inhibit the establishment of native plants and germination of leguminous species. Consequently, organic fertilizers will be used where possible in the place of mineral fertilizers. A number of organic fertilizers are available for soil amendment. Compost and manure can be used as organic fertilizer.
amendments. A composting program will be implemented as part of the Waste Management Plan. Compost is an excellent organic fertilizer that will be used to amend soils with poor nutrient quality. Cow or horse manure may be a good option for organic soil amendments in the future as animal husbandry programs are developed, but these animals are not common in the area at the current time. Numerous commercially available organic fertilizer products are also now available and represent viable alternatives to using mineral fertilizers. KH will evaluate the results of the soil tests to determine the most suitable fertilizer treatments. Care will be taken so that areas are not over-fertilized because high rates of fertilizer application are expensive and encourage establishment of weedy species.

The Community Development Plan includes an alignment with national institutions to develop the abilities in to test for the agronomic capability of soils and identify appropriate fertilizers for soil amendment.

3.3.15 Irrigation

Development of permanent stands of vegetation requires the establishment of plants capable of surviving without supplemental irrigation. Therefore, species adapted to the environmental and climatic conditions of the KH site area will be selected for revegetation or for use as cash crops. However, some irrigation may be required to facilitate vegetation establishment or plant selection may be a function of land proximity to a permanent water source (i.e. rice). Supplemental irrigation activities will specifically focus on providing water to sensitive areas or areas that are difficult to revegetate during the dry season.

3.3.16 Revegetation monitoring

Monitoring will include field reconnaissance during the first growing season to evaluate seedling emergence. The establishment of weeds will also be monitored for at least a two-year period. In general, post-reclamation monitoring will be performed twice per annum, at the end of the wet and dry seasons, for a two-year period following completion of reclamation activities.

Post reclamation monitoring will begin once site grading and revegetation is completed. Monitoring data will be reviewed to determine if reclamation objectives have been achieved. Based on the results of this review, the various programs will be continued or modified, as required. The two year period should be adequate for documenting compliance with reclamation objectives;

4.0 MONITORING
The progress of the closure/reclamation effort will be monitored through a programme of closure and post-closure monitoring. The elements of the closure and post-closure monitoring programs will include the following:

- Confirm the long-term stability of reclaimed surfaces, highwalls, and embankments;
- Evaluate the success of revegetated areas using ground cover, species diversity, and productivity (in reclaimed areas) as measurement tools;
- Assess the adequacy and performance of drainage structures and sediment control systems; and
- Demonstrate that water quality objectives are met.

Closure and post-closure monitoring and control programs will be conducted twice per year (dry and wet seasons) for a period of two years after closure has been completed. In the event that deficiencies in vegetation establishment are identified, appropriate mitigation measures will be taken to correct these deficiencies. Monitoring will include field reconnaissance during the first growing season to evaluate revegetation success. Monitoring will also be used to identify areas that may require supplemental irrigation or nutrients.

5.0 IMPLEMENTATION SCHEDULE AND COSTS

5.1 Reclamation schedule

In general, reclamation will be carried out in tandem with the mining operation. As areas are no longer required to support the mine operations, they will be reclaimed. Concurrent reclamation will continue throughout the life of the project, as areas are no longer needed. Once mining operations are completed in an area, final closure and reclamation activities will begin. Upon completion of final closure and reclamation, areas will also be monitored for a two-year period to evaluate program performance.

5.2 Reclamation costs

Costs associated with closure and reclamation are summarized in Table 1. The total costs of reclamation for the proposed mine plan is approximately $US 736,368 (Seven Hundred and Thirty Six Thousand Three Hundred and Sixty Eight United States Dollars). Line items are listed within the table. The following assumptions are included in the cost estimate:

- The thickness of cover material is 150 mm for the reclamation of tailings piles.
- The thickness of cover material for the domestic and hazardous waste facilities is 600 mm.
- Costs associated with plant and equipment salvaging is included in the cost estimate.
- A contingency of 10 percent is included to account for miscellaneous items.
It should be noted that since Mine Reclamation and Closure is a progressive process throughout the life of the mine, many of the environmental, reclamation and social costs would be already integrated into the operating cost of the mine, especially for the Environmental and Community Development Department. It is also assumed that provision will be made for final redundancy payments.

6.0 UPDATE OF MINE RECLAMATION AND CLOSURE PLAN

The MRCP will be updated from time to time to reflect the current status of the reclamation programs and to better detail the plans and actions that are anticipated. The budget for the MRCP will be modified from time to time by the Environmental and Community Affairs Department.

7.0 PUBLIC INVOLVEMENT AND TRANSPARENCY

The public consultation process will provide local communities with an opportunity to become involved in the various stages of reclamation planning. Local communities will be consulted to determine post-mining land uses and will provide input on placement of tailings, preferred crop species, and training required to manage reclaimed areas over both the short- and long-term. Transparency of the environmental and social aspects of the KH Project is important in maintaining public confidence. The environmental management and social programmes should properly monitor and document activities and condition to determine how these activities are affecting employees, local communities, and the receiving environment. KH will proactively solicit input from local communities and other interested stakeholders through the effective implementation of its public consultation program. The Chief Executive Officer, in coordination with the Environmental and Community Development Manager is responsible for assessing the effectiveness of the overall environmental management and social programs.

The Public Consultation and Disclosure Plan (PCDP) is an important tool for disseminating information and demonstrating transparency to project stakeholders. The Plan defines how KH will collect and disseminate information with people who are interested and/or affected by the project. The PCDP establishes the basis for how KH will conduct its business with the community, and, if implemented as presented, will assure transparency in project activities as they may affect the health, safety, environmental, and social conditions. In addition, KH will prepare an annual report summarizing the results of its social and environmental programmes over the past year, and will present their tentative plans in these areas for the coming year. The report will disclose significant environmental, and social incidents that occurred during the reporting period and will reconcile the performance of monitoring programs, compliance issues, and anything that may be considered important to understanding the activities and performance of these programs. This report will be distributed to government agencies, project lenders, and interested stakeholders, and may be posted on an KH-hosted web site. The general information contained in the annual report will also be articulated to the public through
its annual public consultation meeting and its more frequent local village consultation program.
<table>
<thead>
<tr>
<th>Item</th>
<th>Project component</th>
<th>Quantity</th>
<th>Unit</th>
<th>Cost/unit</th>
<th>Cost</th>
<th>Total cost</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Mining ponds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Drain to final elevation</td>
<td>1</td>
<td>LS</td>
<td>15,000</td>
<td>15000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Access control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Fish stocking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sub total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Tailings ponds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Drain to final elevation</td>
<td>1</td>
<td>LS</td>
<td>15000</td>
<td>15000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2</td>
<td>Access control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.3</td>
<td>Stability analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sub total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Mine tailings piles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Surface stabilization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2</td>
<td>Grading and shaping</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3</td>
<td>Cover material placement</td>
<td>30</td>
<td>Ha</td>
<td>50.00</td>
<td>15000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4</td>
<td>Soil amendments and revegetation</td>
<td>45000</td>
<td>sq. m</td>
<td>1.5</td>
<td>67500</td>
<td>0.15 metre cover thickness</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sub total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Borrow areas and other excavated areas</td>
<td>40</td>
<td>Ha</td>
<td>475.00</td>
<td>18000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>Grading and shaping</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>Soil amendments and revegetation</td>
<td>40</td>
<td>Ha</td>
<td>475.00</td>
<td>18000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sub total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Roads</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.1</td>
<td>Ripping</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.2</td>
<td>Seed bed placement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.3</td>
<td>Domestic and hazardous waste facilities</td>
<td>30000</td>
<td>Cu metres</td>
<td>0.6</td>
<td>18000</td>
<td>0.15 metre cover thickness</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sub total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Grading and shaping</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.2</td>
<td>Dredging/cover placement</td>
<td>1</td>
<td>Ha</td>
<td>475.00</td>
<td>475.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.3</td>
<td>Hazardous waste facility monitoring system</td>
<td>6000</td>
<td>Cu metres</td>
<td>1.5</td>
<td>9000</td>
<td>0.15 metre cover thickness</td>
<td></td>
</tr>
<tr>
<td>6.4</td>
<td>Soil amendments and revegetation</td>
<td>1</td>
<td>LS</td>
<td>12000</td>
<td>12000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sub total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Plants and auxiliary facilities</td>
<td>1</td>
<td>LS</td>
<td>450.00</td>
<td>450.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.1</td>
<td>Decommission, demolition, disposal, salvage</td>
<td>6000</td>
<td>Cu metres</td>
<td>0.6</td>
<td>3600</td>
<td>0.15 metre cover thickness</td>
<td></td>
</tr>
<tr>
<td>7.2</td>
<td>Ripping</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.3</td>
<td>Soil amendments and revegetation</td>
<td>2</td>
<td>Ha</td>
<td>450.00</td>
<td>900.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sub total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Closure and post closure monitoring and control programmes</td>
<td>1</td>
<td>LS</td>
<td>45000</td>
<td>45000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.1</td>
<td>Stability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.2</td>
<td>Water monitoring</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.3</td>
<td>Vegetation monitoring</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.4</td>
<td>Fish programme monitoring</td>
<td>1</td>
<td>LS</td>
<td>45000</td>
<td>45000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.5</td>
<td>Sediment control structure monitoring</td>
<td>1</td>
<td>LS</td>
<td>20000</td>
<td>20000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sub total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Subtotal - reclamation and closure costs</td>
<td>1</td>
<td>LS</td>
<td>20000</td>
<td>20000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingency (10%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand total costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>