



DIAMONDS – Lesotho

Letšeng Mine

- Alluvial Ventures is consistently meeting production goals to process 100,000+ tons/month of kimberlite.
- Successful tenders were held in October, November and December.

Kolo Mine

- Pending court action: The previous leaseholders of Kolo Mine, Angel Diamonds (Pty) Ltd, lodged an application to interdict Reskol from exercising its rights under the lease; pending a decision whether the Government of Lesotho (GoL) and the Minister of Natural Resources had the right to grant the mining lease to any third party. Reskol and the GoL are both opposing the interdict. Reskol is in ongoing talks with the GoL, which has confirmed that they are the responsible party and that they will vigorously oppose all legal actions pertaining to the Kolo Mine lease.

- Reskol Diamond Mining is planning to re-start the infrastructure build-out in early 2012.

Court Action Regarding Kao Valley / Storm Mountain

The case submitted by Toro Diamonds Lesotho (Pty) Ltd against Namakwa Diamonds Ltd relative to Storm Mountain Diamonds (Pty) Ltd was heard in the High Court of Lesotho 14-18 November 2011.

On 30 November 2011, the judge dismissed Toro's application, with costs.

Believing that the judge erred in his decision, Toro has lodged an appeal against the judgement. The appeal is anticipated to be heard in April 2012 in the Court of Appeal in Maseru, Lesotho.

URANIUM – Paddy's Pad, SA

Progress Update

- Paddy's Pad submitted in November an application for mining rights at the Edenburg Uranium Occurrence (Mooifontein deposit).
- The environmental impact analysis (EIA) work has begun and environmental specialists have been appointed to do baseline studies.
- A desktop study and conceptual engineering study were completed, providing the necessary information for preliminary financial planning.
- The 3-meter column tests and high-grade sample tests were completed. Uranium recoveries of 80% were achieved on both samples applying carbonate leaches.
- One-meter column tests of ore variability were also completed. Results from four locations behaved similarly to the 3-meter tests. This greatly increased confidence that heap leaching with a carbonate/bicarbonate solution is a technically feasible method of extracting uranium from this deposit.
- Team members attended a short course on heap leaching.



Goals for First Quarter 2012

- Perform direct precipitation test work to determine the product specification we can expect from our carbonate leaching process and verify that a saleable product can be produced from the pregnant leach solution produced by the leach heaps.
- Continue with the EIA process and the specialist impact assessment studies.
- Start working toward a pre-feasibility study.
- Determine the need for geo-mechanical test work and pilot heap test work.



TUNGSTEN / MOLYBDENUM / RARE EARTHS – Bongani Minerals, SA

Progress Update

- After receiving prospecting rights from the DMR in July 2011, Bongani Minerals (Pty) Ltd has finalized negotiations with most of the impacted landowners.

Goals for First Quarter 2012

- Begin the prospect drilling program.

ADMINISTRATIVE UPDATE

El Nino Mining – South Africa

The office will be closed from Friday, 16 December until Wednesday, 11 January.



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