

1 June 2005

Company Announcements Office  
Australian Stock Exchange Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

## **EXCLUSIVE PROSPECTING LICENCES, NAMIBIA**

### **UPDATE**

#### **ERONGO POLYMETALLIC PROJECT (EPL 2805 – 2811)**

The Company wishes to advise that it has received a notice of preparedness to grant renewal applications for the Erongo Polymetallic Project (EPL 2805 – 2811) from the Ministry of Mines and Energy, Namibia ("MME") in respect of Base and Rare metals, Industrial Minerals, Precious Metals, Precious Stones and Semi Precious Stones ("Notice").

Applications for Nuclear Fuels over the Erongo Polymetallic Project have not been addressed in the Notice.

The Company has 30 days from the date of issue of the Notice to accept the terms and conditions contained within the Notice. Upon the receipt of the acceptance the MME would issue the renewed licences for the Erongo Polymetallic Project.

The terms and conditions contained within the Notice include, but are not limited to:

#### ***General:***

- The renewed licences have a term of two years reckoned from the date of expiry of the previous tenure;
- Payment of an annual licence fee as prescribed by section 123 of the Minerals (Prospecting and Mining) Act, 1992; and
- Compliance with all relevant sections of the Minerals (Prospecting and Mining) Act, 1992.

#### ***Work Programme and Obligations:***

- The holder of the exclusive prospecting licence shall commence with, and continue without undue interruption or delay, prospecting operations within one month of the date of issue of the licence in substantial conformity with the proposed work programme, schedule and budget which accompanied the renewal applications.

- Where any material deviation from the proposed work programme, schedule or budget is in the opinion of the licence holder necessitated by the nature of results of prospecting operations, apply in writing to the Minister for approval of such revision; and
- Execute such additional work programme and expend such additional expenditure within a specified period of time as may be imposed by the Minister from time to time.

***Environment:***

- The holder of the licence shall comply with the Environmental Contract already entered into in respect of the licences;
- The holder of the licence shall observe any requirements, limitations or prohibitions on his or her prospecting operations as may, in the interest of environmental protection be imposed by the Minister from time to time; and
- The Minister may, in the interest of reasonable development of the prospecting operations, impose from time to time such additional terms and conditions as he may deem fit.

Prior to accepting the terms and conditions included in the Notice, the Company has requested the Mining Commissioner of the MME to clarify a number of issues. These include:

- Due to the Notice containing contradictory terminology and dates, the Company has requested confirmation of which renewal application the MME is referring to in the Notice. In addition to a renewal application lodged with the MME on 20 March 2003 requesting the renewal of the Erongo Polymetallic Project, the Company subsequently submitted a new application for the inclusion of Nuclear Fuels over the same project area.
- In requesting this clarification, the Company has also requested the status of the new application for inclusion of Nuclear Fuels resubmitted and accepted by the MME on 27 April 2005.
- Clarification as to when the term of the renewed licences, that are to be issued upon acceptance of the terms and conditions of the Notice, will commence.

Whilst the Company considers the MME's preparedness to renew the Erongo Polymetallic Project as a positive step forward, the clarification of the issues detailed above remain as important matters to be determined by the MME in relation to the Erongo Polymetallic Project.

**SKELETON COAST DIAMOND PROJECT (EPL 2698 – 2700)**

No correspondence has yet been received from the MME in relation to the determination of the renewal of the Skeleton Coast Diamond Project (EPL 2698- 2700) and/or the inclusion of Industrial Minerals for the Skeleton Coast Diamond Project.



From discussions held with the Mining Commissioner, the Company understands that the MME is addressing all licencing matters pertaining to the Company and accordingly the Company expects to receive the MME's decision in due course.

### **MINERALS (PROSPECTING AND MINING) ACT, 1992**

The Minerals (Prospecting and Mining) Act, 1992 was passed by the National Assembly of the Republic of Namibia and was signed by the President on 16 December 1992 ("Act").

The Act is comprehensive legislation governing the extractive minerals industry in Namibia.

The Act deals with, but is not limited to, the requirements of applications for the various forms of mineral licences that may be applied for in Namibia, the rights and obligations of licence holders, the restrictions on licence holders, and issues effecting the application and administration of the Act.

In respect to the latter point, the Act provides for unforeseen delays in the administrative process, particularly relating to renewal applications under consideration, by allowing flexibility in the term of mineral licences whilst determination of such renewals are being considered.

Section 71(3)(a) of the Act states that an exclusive prospecting licence shall not expire whilst an application for renewal is being considered and until such time as the renewal is granted, refused, withdrawn or it lapses. During this period where applications for renewal are being considered by the MME the licence holder's rights and obligations pursuant to the mineral licence continue, including the right to be able to undertake exploration programmes, and the obligation to provide periodic reporting to the MME.

The Company continues to actively liaise with the MME to bring about the earliest outcome in respect of all of the outstanding matters detailed above, and will release any further update immediately upon its receipt.

Yours faithfully

**BRADLEY S MOORE**  
*Chairman*