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Attached:

THE KUNENE MOUTH DIAMOND PROJECT (EPL 2633)

Updated Diamond Resource Statement as at 01 April 2017



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THE KUNENE MOUTH DIAMOND PROJECT
(EPL 2633)

Updated Diamond Resource Statement as at 01 April 2017

Distribution:

- Northern Namibia Development Company (Pty) Ltd

Compiled by:

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("Competent Person")

Date: 20 April 2017

Revision: 6

NORTHERN NAMIBIA DEVELOPMENT COMPANY PROPRIETARY LIMITED
(“NNDC” or the “Company”)

UPDATED DIAMOND RESOURCE STATEMENT AS AT 01 APRIL 2017
(“UPDATED COMPETENT PERSONS STATEMENT”)

In view of amendments to the Huso transaction (the “Transaction”), NNDC requested an updated statement to the resource, set out in the Competent Person’s Report related to Exclusive Prospecting Licence 2633 (“EPL 2633”), dated 23 July 2015 (“NNDC CPR 2015”). The aim is to present an updated resource statement as at 1 April 2017.

Figure 1 indicates the location of EPL 2633 in Namibia.

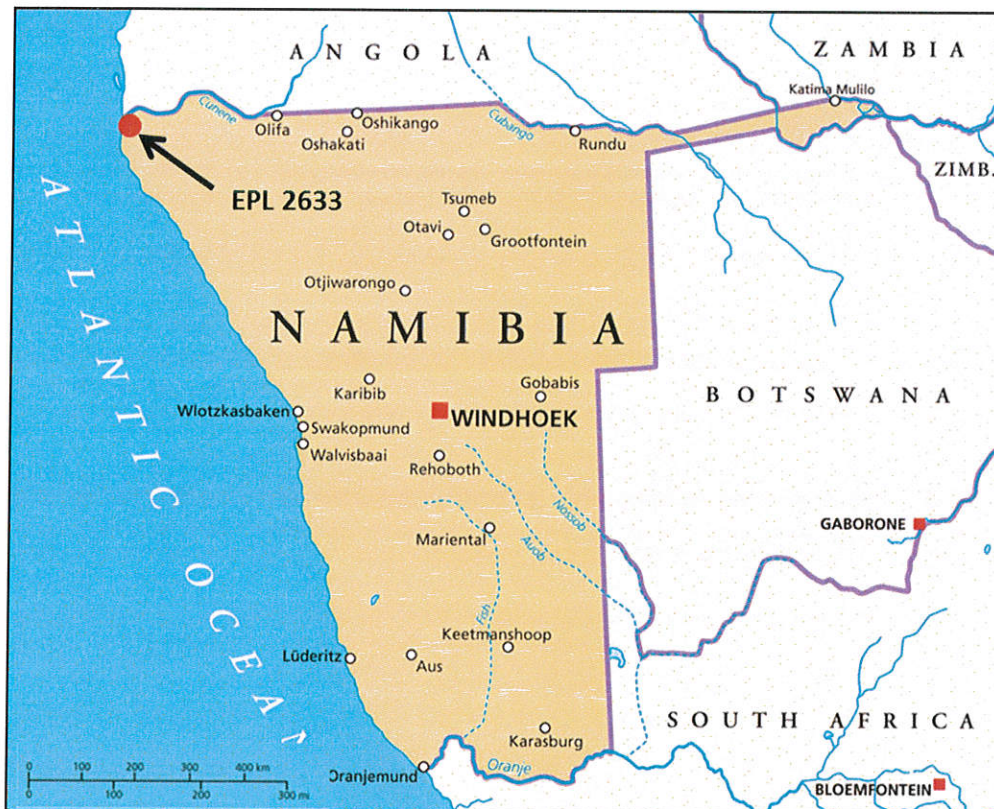


Figure 1: Location of EPL 2633 in Namibia.

Since the submission of the NNDC CPR 2015, the Company focused on major capital upgrades in order to increase the mine configuration i.e. increased mining capacity as well as a new sampling plant. The Competent Person herewith confirms that no additional samples were collected and that no depletions were done since the NNDC CPR 2015. Mining and treatment, since the NNDC CPR 2015,

focused on commissioning of the new treatment facility, and historical old heaps and dumps were moved and treated for this purpose.

Resources estimated during 2015 covered the following four domains (Figure 2) and results are summarised in Table 1:

- Proto Kunene (PK) Domain (38 bulk samples) (“Proto Kunene”)
- Coastal Dune Domain (8 bulk samples) (“Coastal Dune”)
- Shallow Gravel Domain (103 bulk samples) (“Shallow Gravel”)
- Rough Floor Gully Domain (2 samples) (“Rough Floor Gully”)

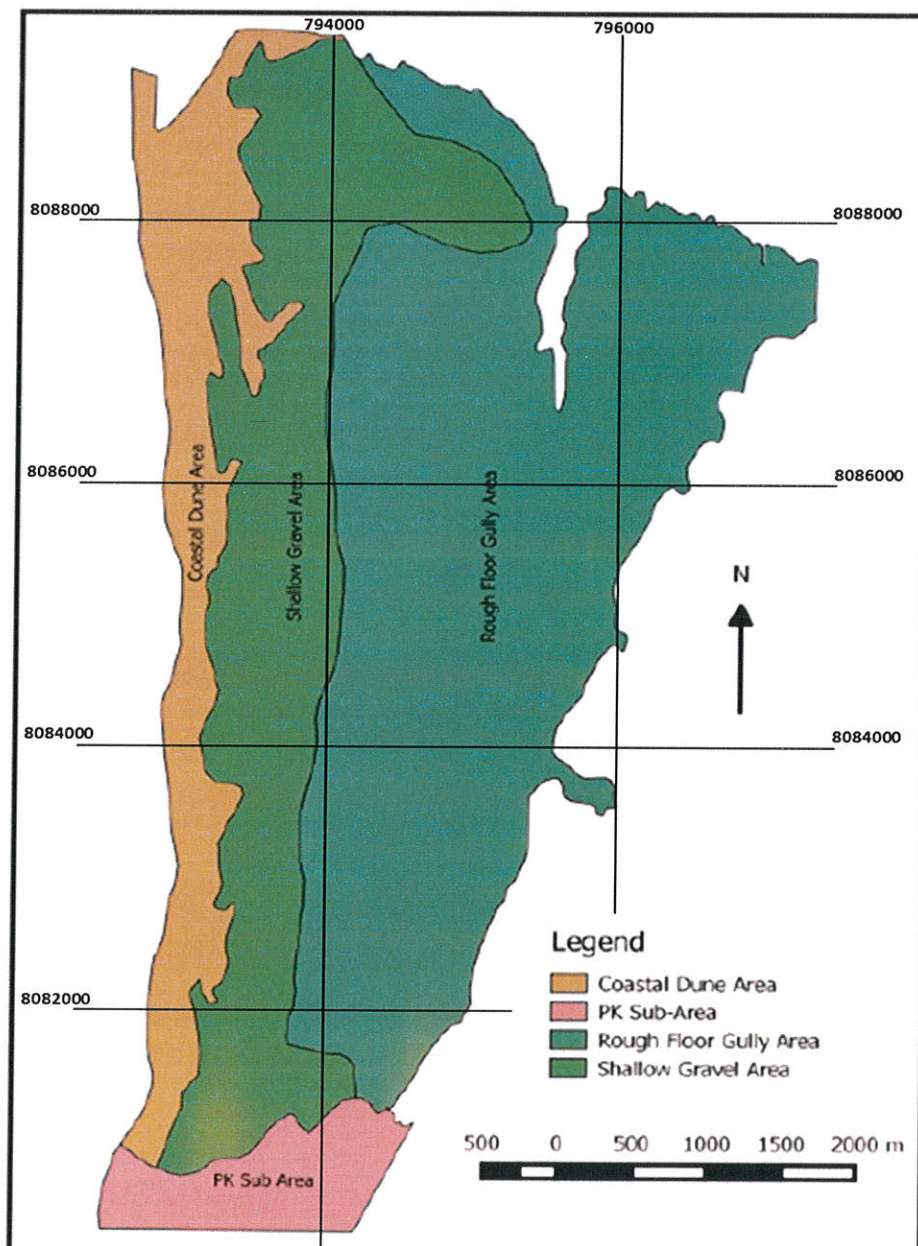


Figure 2: Distribution of domains estimated in 2015

Domain	Category	Area Size (ha)	Tonnes	Carats	CPHT
Proto Kunene	Inferred	125	3 867 146	238 629	6.1
Coastal Dune		347	822 413	14 054	1.7
Shallow Gravel		667	4 035 409	94 357	2.3
Rough Floor Gully		1 260	17 963	1 383	7.7
TOTAL	Inferred	2 398	8 742 931	348 423	4.0

Table 1: EPL 2633 July 2015 Mineral Resource as in NNDC CPR 2015.

No re-estimation of the resources was done as no additional data was collected as mentioned above. The only change to the NNDC CPR 2015 relates to the removal of two domains from Inferred Diamond Resource category to Exploration Results. This reclassification was done as the sample support within these two domains is too sparse to support resource category levels of confidence. The Coastal Dune and Rough Floor Gully Domains are relatively large areas with limited samples and a decision was made to exclude these domains from this Competent Person Statement, as the density and distribution of samples are not sufficiently representative to be classified as resource.

Exclusive Prospecting Licence 2633 Inferred Diamond Resource estimate as at April 2017 is summarised by domain in *Table 2*. Block estimates in the Proto Kunene and Shallow Gravel Domain have been classified as an Inferred Diamond Resource comprising 7.9 million tonnes of diamond bearing gravels at grades of 4.2 cpht (carats per hundred tonne). The estimation for the Inferred Diamond Resource was done at a bottom cut-off size of 2mm.

Domain	Category	Area Size (ha)	Tonnes	Carats	CPHT	US\$ / carat
Proto Kunene	Inferred	125	3 867 000	239 000	6.2	186
Shallow Gravel		667	4 035 000	94 000	2.3	186
TOTAL	Inferred	792	7 902 000	333 000	4.2	186

Table 2: EPL 2633 April 2017 Mineral Resource and Exploration Results

Bulk density measurements were determined on Shallow Gravel and Proto Kunene samples to convert surveyed volumes to in-situ tonnes. The conversion factors used are Shallow Gravels = 2.05 tonnes/m³ and Proto Kunene Gravels = 2.07 tonnes/m³. An average conversion factor of 2.05 tonnes/m³ was used for the Exploration Targets.

The change from the classification in the NNDC CPR 2015 (*Table 1*) reflects the move of Coastal Dune and Rough Floor Gully Domain exploration targets from Inferred Diamond Resource to Exploration Targets. The geomorphology of these two areas differ significantly as the Coastal Dune Domain consists of low grade gravel beds whilst the Rough Floor Gully Domain is deflated into extremely thin and low volume but high grade material. The total material classified into Exploration Target during 2017 consists of 0.7 to 0.9 million tonnes of diamond bearing gravels, containing some 12 000 to 16 000 carats, at sample grade ranges of 0.9 to 16.0 cpht (with an anticipated mean of about 1.8 cpht.). The diamond value for the Exploration Targets is expected to be in the range of US\$180-200/ct. Caution must be taken considering all exploration targets as these have extreme low confidence levels and the potential quantity, quality and content, as appropriate, are conceptual in nature, that there has been insufficient exploration to define a Diamond Resource and that it is uncertain if further exploration could result in the determination of a Diamond Resource.

A collection of diamonds from samples was valued during 2015 using 4 627 carats by Morse Investments Limited (Pty) Ltd (“Morse”) which is a licensed diamond cutting and polishing factory located in Windhoek. The valuation resulted in an average value per carat of US\$175 as indicated in *Table 3*.

DESCRIPTION	Carats	Clarity	Color Range	% of Parcel	Rapaport Price July 2015	Average Value US\$/ct	Value US\$
BIGGEST STONE FROM MINE	1.65	IF	D	0.04%	8,500	1,563	2,578.95
SIEVE -7 LOW COLOUR	52.94	SI+	K-	1.14%	380	78	4,129.32
SIEVE 7-9	753.81	VS+	J+	16.29%	765	98	73,873.38
SIEVE 9 MAKEABLES	468.52	VS+	J+	10.13%	855	108	50,600.16
SIEVE 10 SAWABLES	327.28	VS+	J+	7.07%	920	150	49,092.00
SIEVE 10 MAKEABLES	189.27	VS+	J+	4.09%	855	120	22,712.40
SIEVE 10 LOW COLOUR	116.58	VS+	K-	2.52%	580	90	10,492.20
SIEVE 11 MAKEABLES	99.69	VS+	J+	2.15%	1,020	120	11,962.80
SIEVE 11 LOW COLOUR	105.85	VS+	K-	2.29%	670	90	9,526.50
BROWNISH LOW COLOUR	131.77	VS-SI	LIGHT BROWN	2.85%	200	40	5,270.80
Sieve 13 SAWABLES	1,657.98	VS+	D-F	35.83%	980	250	414,495.00
Sieve 15 SAWABLES	180.18	VS+	D-F	3.89%	1,180	319	57,477.42
Sieve 17 SAWABLES	56.90	VS+	D-F	1.23%	1,300	664	37,781.60
FANCY YELLOW	172.60	VS+	FANCY YELLOW	3.73%		312	53,851.20
REJECTIONS	312.31	SI1 to I2	k+	6.75%		20	6,246.20
TOTAL NNDC SAMPLE	4,627.32						810,089.93
Average Value (US\$/Ct)							175

Table 3: NNDC diamond sample valuation by Morse– July 2015.

Morse's valuation data was sent to QTS Kristal ("QTS") for review, revaluation and comment, taking changing market conditions into consideration and applying it to today's market. Based on his analysis, Mr Ray Ferreris, from QTS, presented an average value per carat of US\$186.30 as indicated in *Table 4*.

NNDC DIAMOND SAMPLE							
UPDATED PAPER VALUATION - RD FERRARIS (APRIL 2017)							
DESCRIPTION OF DIAMONDS	CARATS	CLARITY	COLOUR	% OF CARATS	AVERAGE PRICE PER CARAT	4 VALUE PER SIZE	% OF \$ VALUE
BIGGEST STONE FROM MINE	1.65	IF	D	0.04%	\$ 1,600.00	\$ 2,640.00	0.31%
SIEVE -7 LOW COLOUR /MAKEABLES	52.94	SI+	K-	1.14%	\$ 80.00	\$ 4,235.20	0.49%
SIEVE 7-9	753.81	VS+	J+	16.29%	\$ 100.00	\$ 75,381.00	8.74%
SIEVE 9 MAKEABLES	468.52	VS+	J+	10.13%	\$ 115.00	\$ 53,879.80	6.25%
SIEVE 10 SAWABLES	327.28	VS+	J+	7.07%	\$ 160.00	\$ 52,364.80	6.07%
SIEVE 10 MAKEABLES	189.27	VS+	J+	4.09%	\$ 125.00	\$ 23,658.75	2.74%
SIEVE 10 LOW COLOUR/MAKEABLES	116.58	VS+	K-	2.52%	\$ 92.00	\$ 10,725.36	1.24%
SIEVE 11 MAKEABLES	99.69	VS+	J+	2.15%	\$ 124.00	\$ 12,361.56	1.43%
SIEVE 11 LOW COLOUR/MAKEABLES	105.85	VS+	K-	2.29%	\$ 92.00	\$ 9,738.20	1.13%
BROWNISH LOW COLOUR	131.77	VS-SI	LIGHT BROWN-CAP	2.85%	\$ 41.00	\$ 5,402.57	0.63%
Sieve 13 SAWABLES	1,657.98	VS+	D-F	35.83%	\$ 270.00	\$ 447,654.60	51.93%
Sieve 15 SAWABLES	180.18	VS+	D-F	3.89%	\$ 326.00	\$ 58,738.68	6.81%
Sieve 17 SAWABLES	56.90	VS+	D-F	1.23%	\$ 704.00	\$ 40,057.60	4.65%
FANCY YELLOW	172.60	VS+	FANCY YELLOW {mi	3.73%	\$ 340.00	\$ 58,684.00	6.81%
REJECTIONS	312.31	N/A	N/A	6.75%	\$ 21.00	\$ 6,558.51	0.76%
TOTAL NNDC SAMPLE	4,627.32			100.00%	\$ 186.30	\$ 862,080.63	100.00%
NOTES							
1) This Paper Valuation is based on the original Morse Valuation of July 2015; using the original value descriptors to calculate prices as well as taking current market conditions into account.							

Table 4: NNDC diamond sample valuation by QTS, April 2017 based on Morse valuation of July 2015.

QTS-Kristal Dinamika credentials:

QTS are the diamond and marketing consultant to the Batla Superkolong Project in Kimberley and Kolo Kimberlite in Lesotho. They also act as Independent valuator and diamond consultant for Namakwa Diamonds Limited for the North West Alluvials and Kao Mine in Lesotho, (for valuations/tenders in South Africa and Antwerp). Valuator for Gemcor, Koin International Ltd, Rockwell Diamonds Inc, BlueRock Diamonds plc and Lucapa Diamond Company Ltd, plus independents. Associate Consultant to the MSA Group. Diamond Breakage consultant for Storm Mountain Diamonds (Pty) Ltd – Kao Mine, Lucara Diamonds Company Ltd, amongst others. Valuation and Breakage advisor to the MinPet project.

Consult on all aspects of the rough diamond pipeline including final recovery to export, covering all aspects of valuation and marketing from small prospect samples to large productions. Specialist

valuator in large Type Ila diamonds, Fancy Colours and unusual specimens. Diamond breakage and damage analyst specializing in reverse valuation to calculate actual value loss. Recovery and security audits as well as Diamond Chain of Custody.



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