

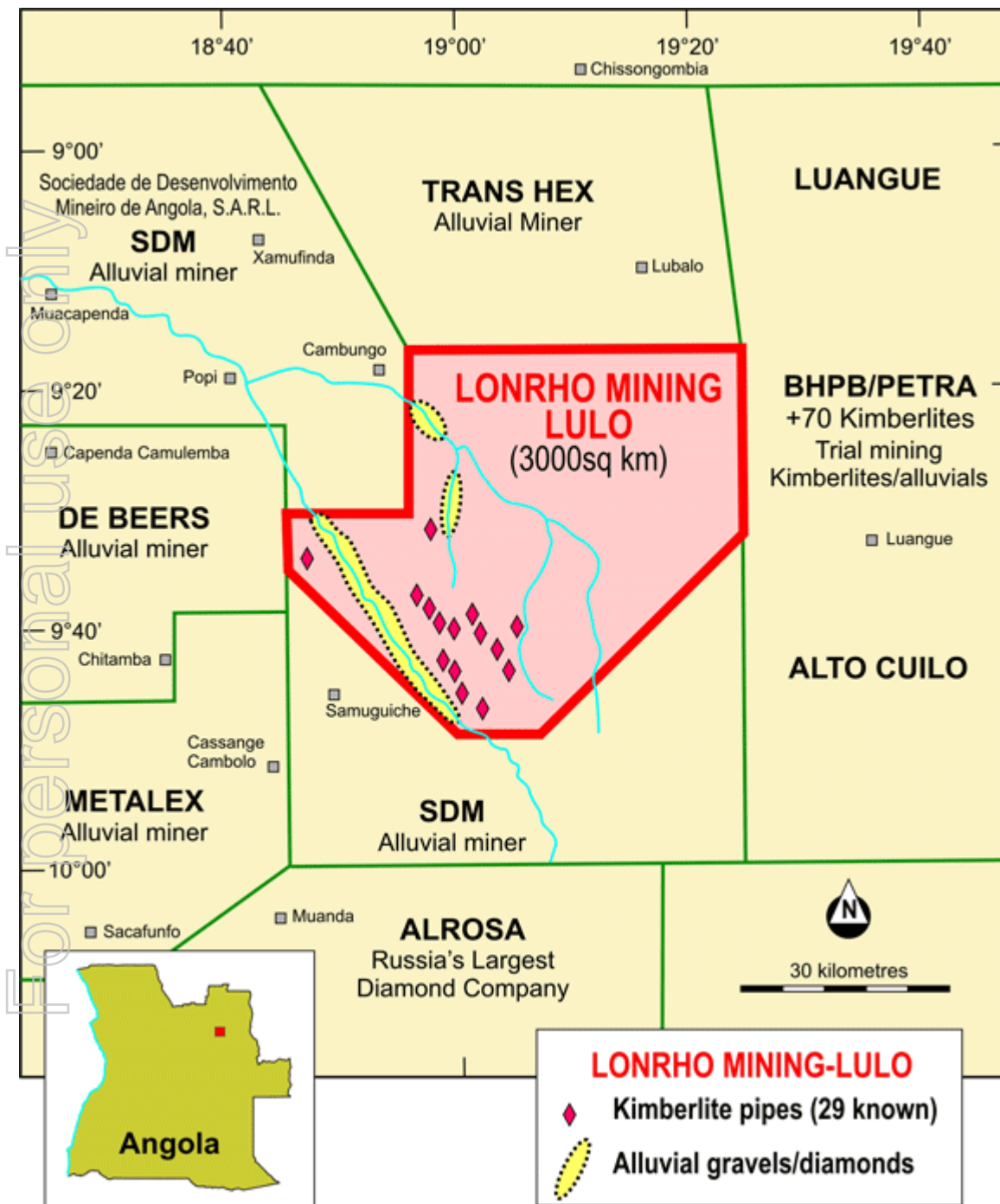
LONRHO MINING

**A Diamond Explorer with World Class Potential
July 2010**



The Lulo Diamond Concession is located in the Lunda Norte Province of Angola, about 700km east of Luanda.

The Lulo Project targets both alluvial and kimberlite diamond targets and is a Joint Venture between Lonrho and Endiama, the national diamond company of Angola.

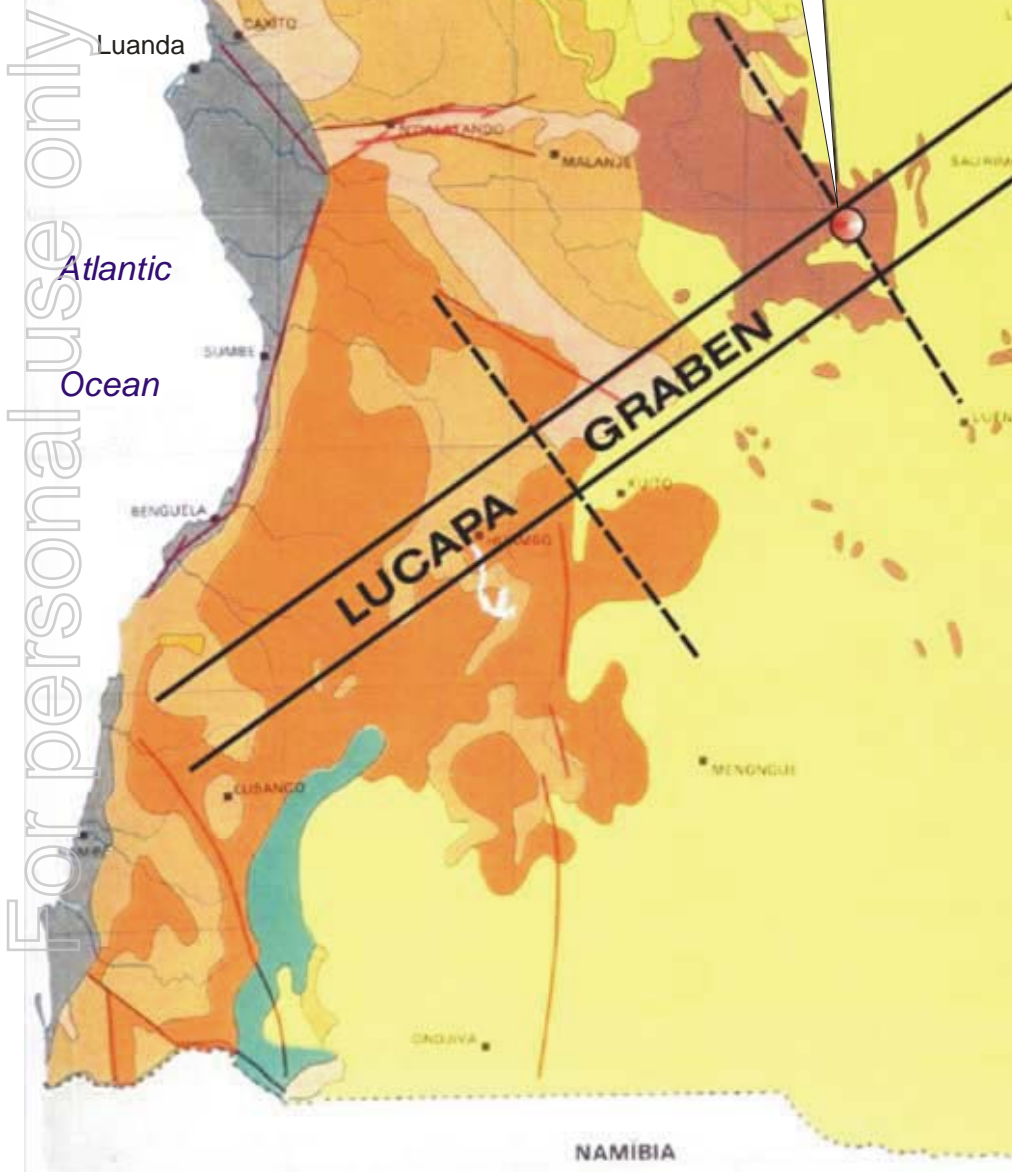


The Lulo Diamond Concession covers an area of about 3,000km² and is located on the eastern margin of the Cuango River.

The alluvial diamond fields on the Cuango River are the largest in Angola.

Lonrho's Concession is surrounded by concessions held by some of the worlds leading diamond miners.

LONRHO DIAMONDS LULO PROJECT



The Lulo Project occurs within flat-lying sediments of the Congo Basin that overlie the Achaean Congo Craton.

The project lies within the Lucapa Graben, an area tectonically favorable for kimberlite emplacement.

There has been extensive artisanal diamond mining on the Caculo and Lulo Rivers within the concession.

The Roads and Infrastructure

For personal use only



The road to Saurimo – in 2005 – the Chinese have re-surfaced, it but resurfacing is failing and the potholes redeveloping.

Though t's a lot better than this now



The Caculo River Bridge out of Tchamiquilengue



The roadside is still littered with reminders of the war



Tchamiquilengue – The main village in the concession – located about 7km by road from the camp site. There are numerous stores, cantina's etc and 3 diamond buyers set up in shopfronts along the main street





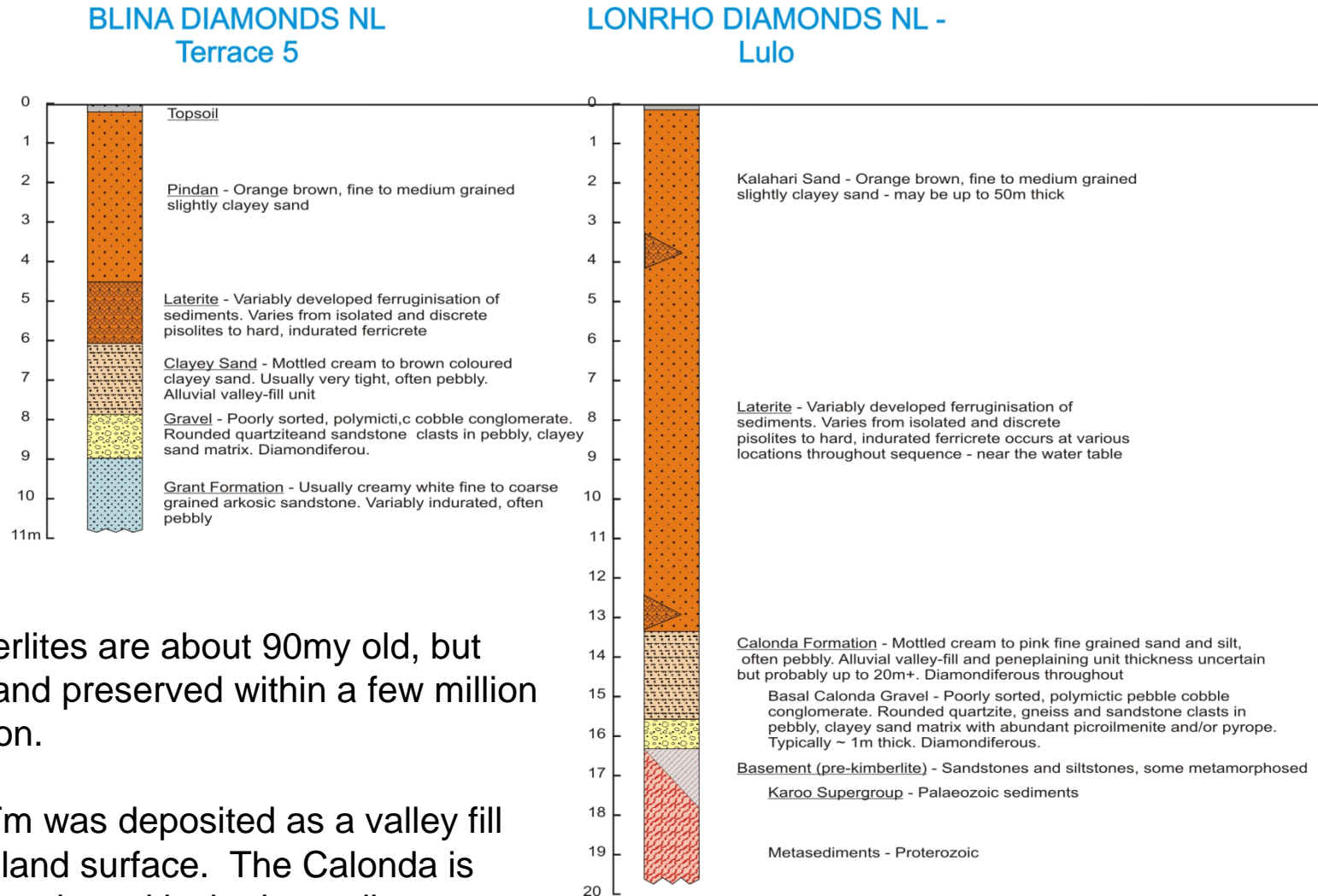
Off the road the country is very wet! While these aren't my photo's, I have similar ones. The surface is just a thin crust – break it and you sink!

I was there just after the wet – I was told it had stopped raining only about 10 days previously. Every depression/gully was saturated and boggy. It apparently improves quickly



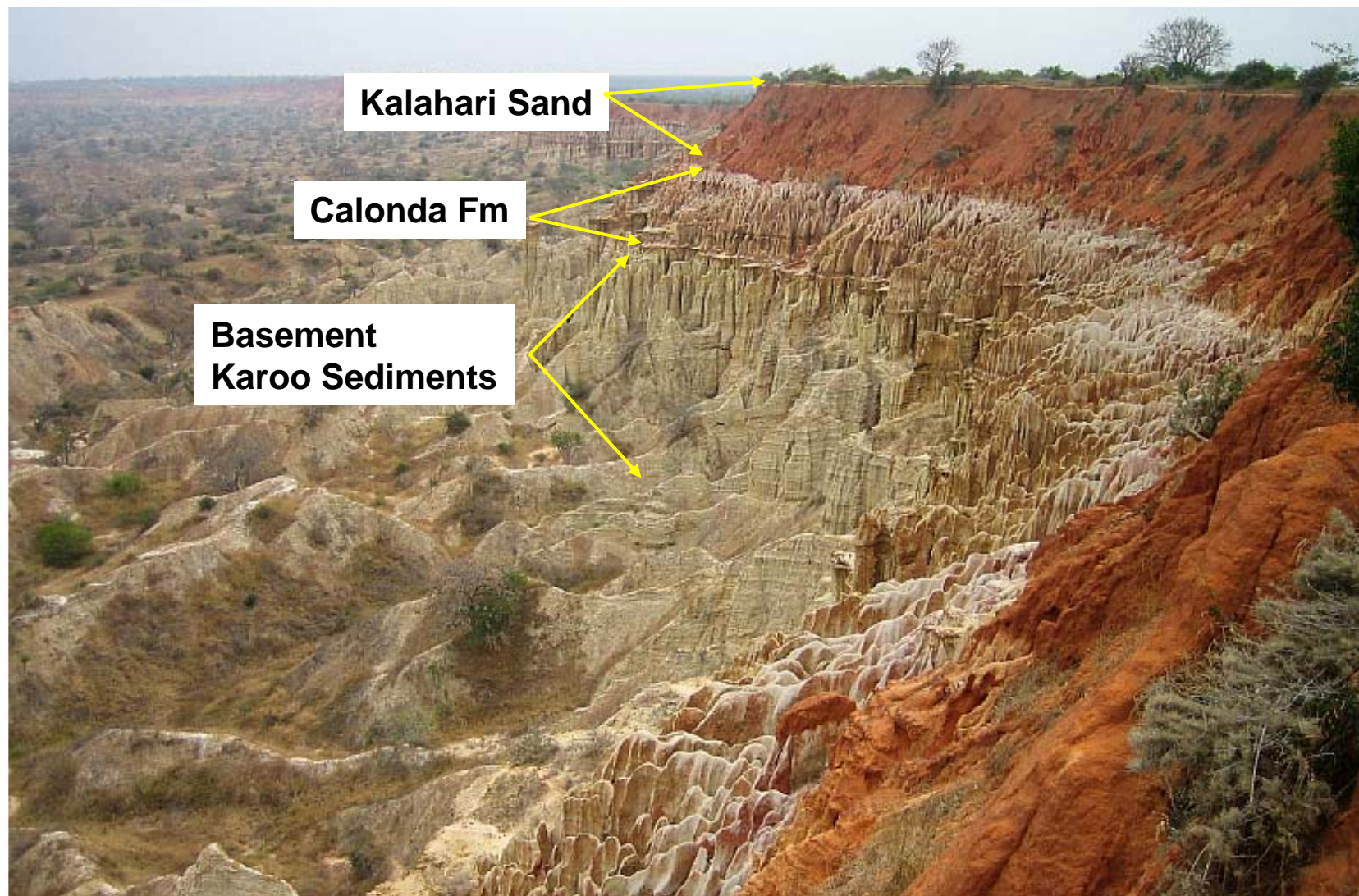
LOCAL GEOLOGY

The Geological Succession at Lulo has Strong Similarities to the Ellendale Field



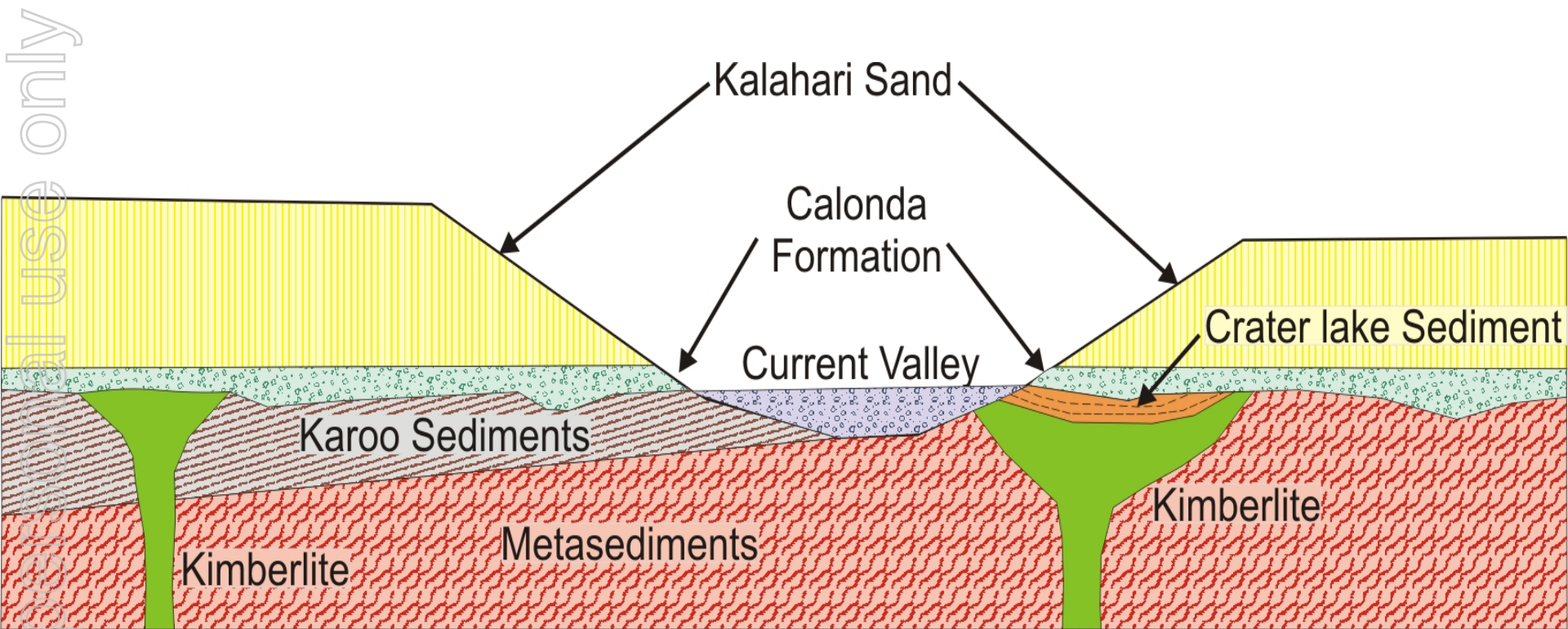
The Lulo kimberlites are about 90my old, but were covered and preserved within a few million years of eruption.

The Calonda Fm was deposited as a valley fill unit on the old land surface. The Calonda is mined for diamonds and is the immediate source of diamonds for many of the recent diamond terraces

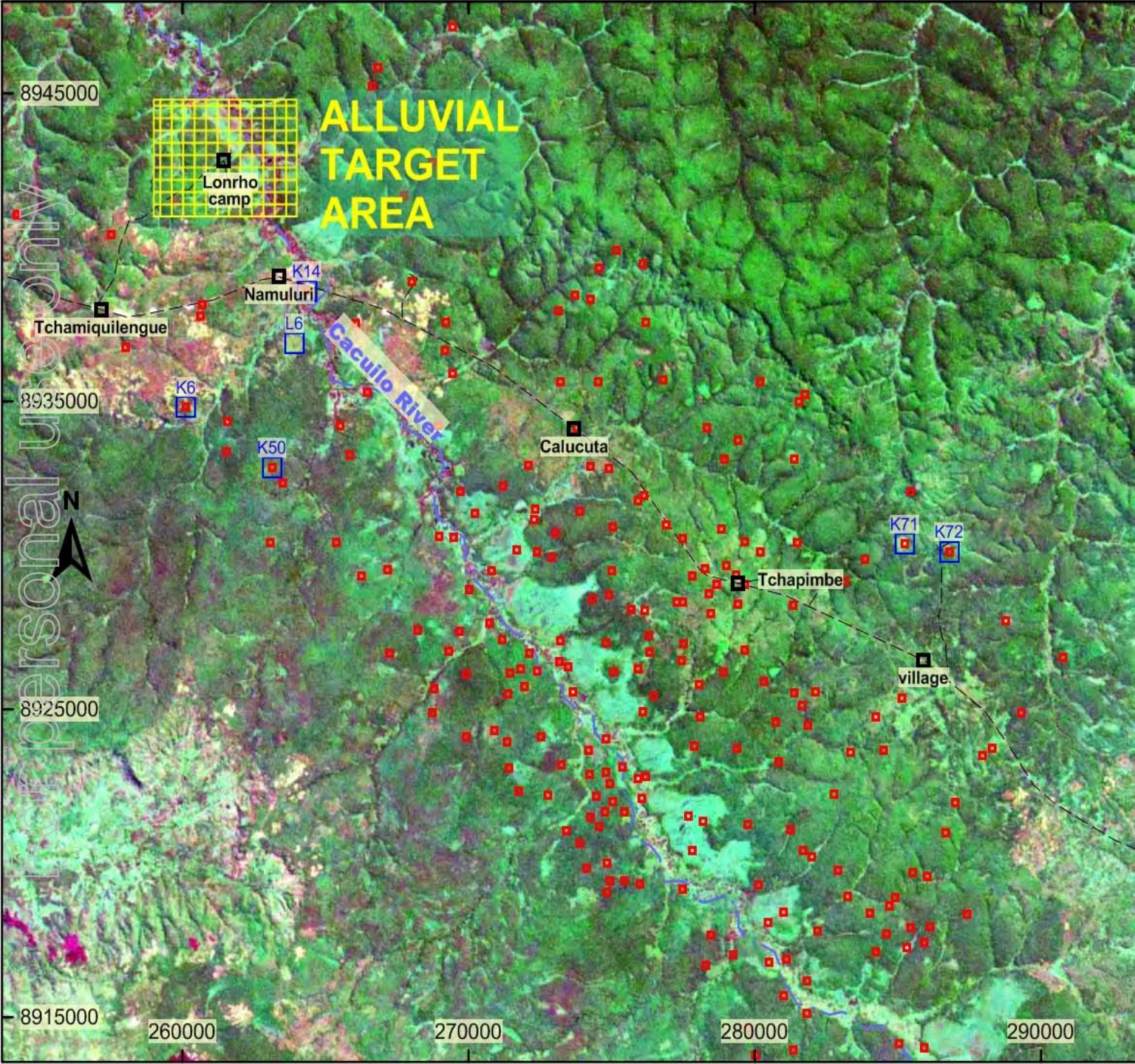


Miraduro da Lua escarpment – showing a section through the geology.

SCHEMATIC RELATIONSHIP OF GEOLOGICAL UNITS – LULO AREA



A schematic, highly simplified picture of how I believe the geological units in the Lulo area are related. Many, if not most, pipes in the area are not exposed and have not been eroded for 90 million years. They do not contribute directly to the diamond content of the alluvials. They did contribute to the Calonda Formation and, I suspect most of the diamonds recovered from the alluvial have been directly sourced from the Calonda.



The following photos were taken by a Russian geologist who visited the area during 2005 when, purportedly, up to 40,000 garimpeiros were operating on the Concession.

Most activity and (most photos) are from the hatched area adjacent to the current camp site.

EXTENT OF GARIMPEIRO DIGGINGS – ALLUVIAL TARGET AREA





Garimpeiro Operations – 2005

Scale of Operations





Garimpeiro Operations – 2005

The Level of Technology



A 59.08 ct stone it is reputed to be from the Lonrho Concession but..



GARIMPEIRO DIGGINGS -2010

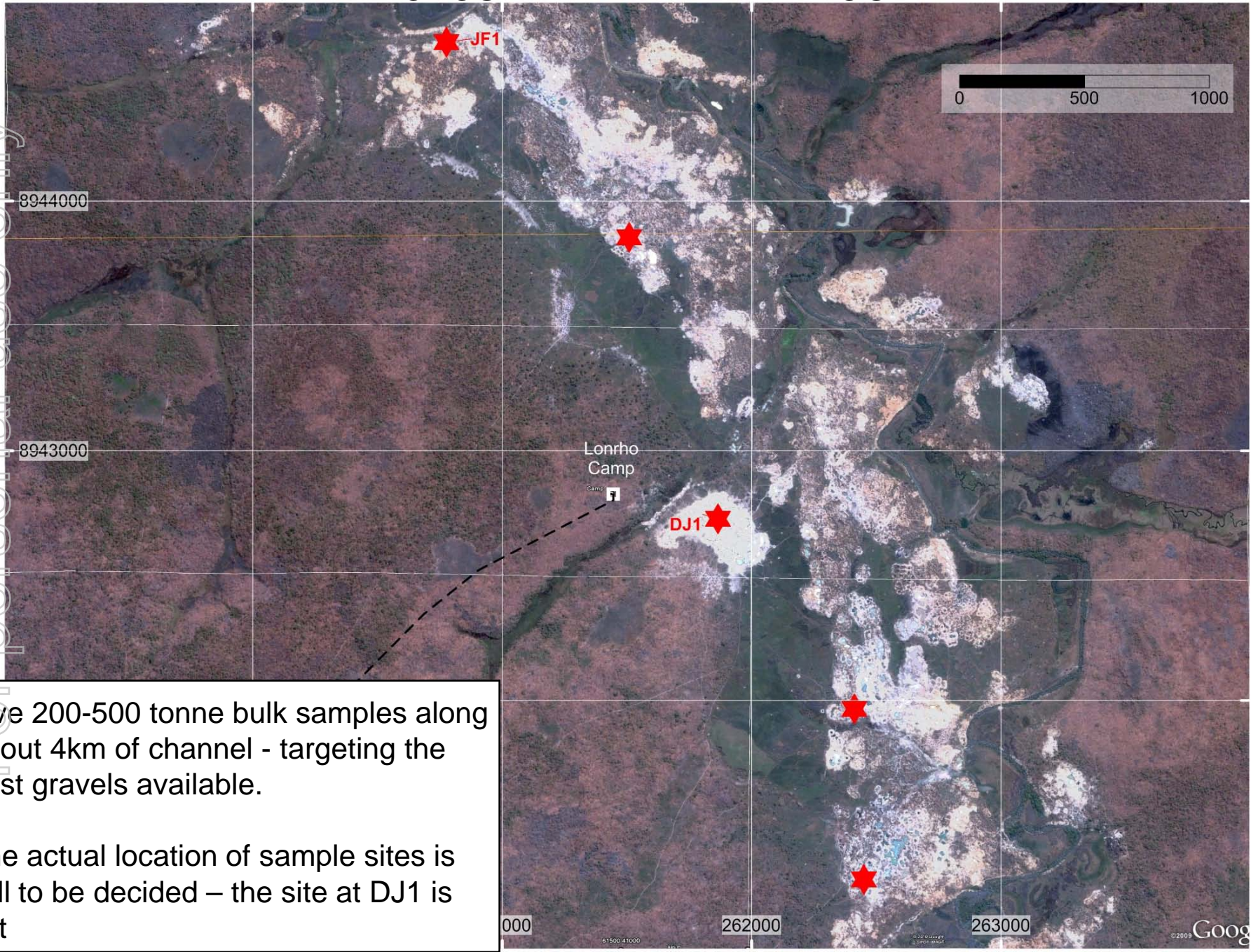


I foresee vegetation issues with the plant

Very wet and very overgrown



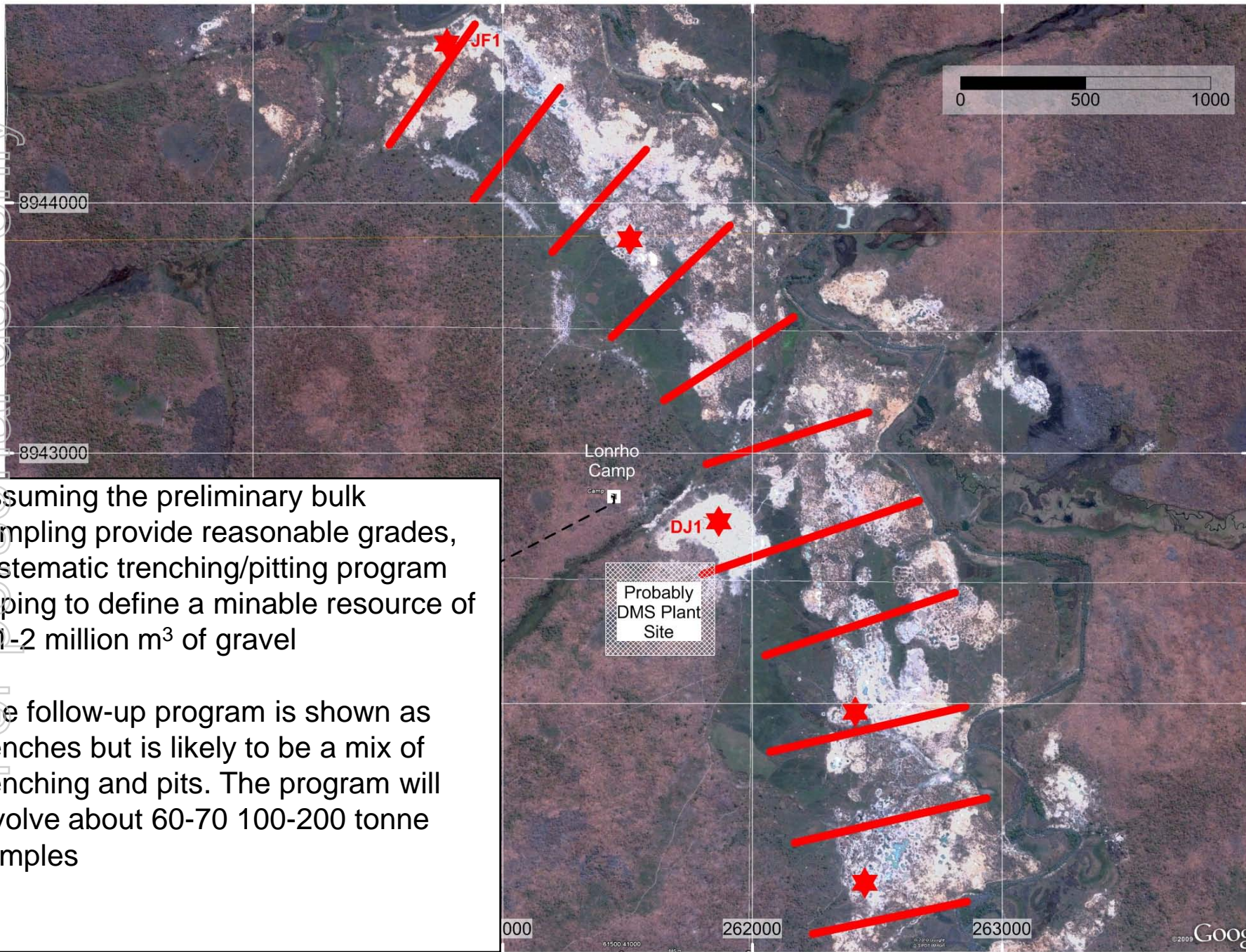
PROPOSED PRELIMINARY PROGRAM



Five 200-500 tonne bulk samples along about 4km of channel - targeting the best gravels available.

The actual location of sample sites is still to be decided – the site at DJ1 is set

PROPOSED FOLLOW-UP PROGRAM



Assuming the preliminary bulk sampling provide reasonable grades, systematic trenching/pitting program hoping to define a minable resource of ~ 1-2 million m³ of gravel

The follow-up program is shown as trenches but is likely to be a mix of trenching and pits. The program will involve about 60-70 100-200 tonne samples

BULK SAMPLE SITE 1

This site is located about 50m from the processing plant and gravels have been stockpiled next to the pit.

The cut has dimensions of 30m x 10m and the gravel is generally around 1m thick. The sample should be about 300m³



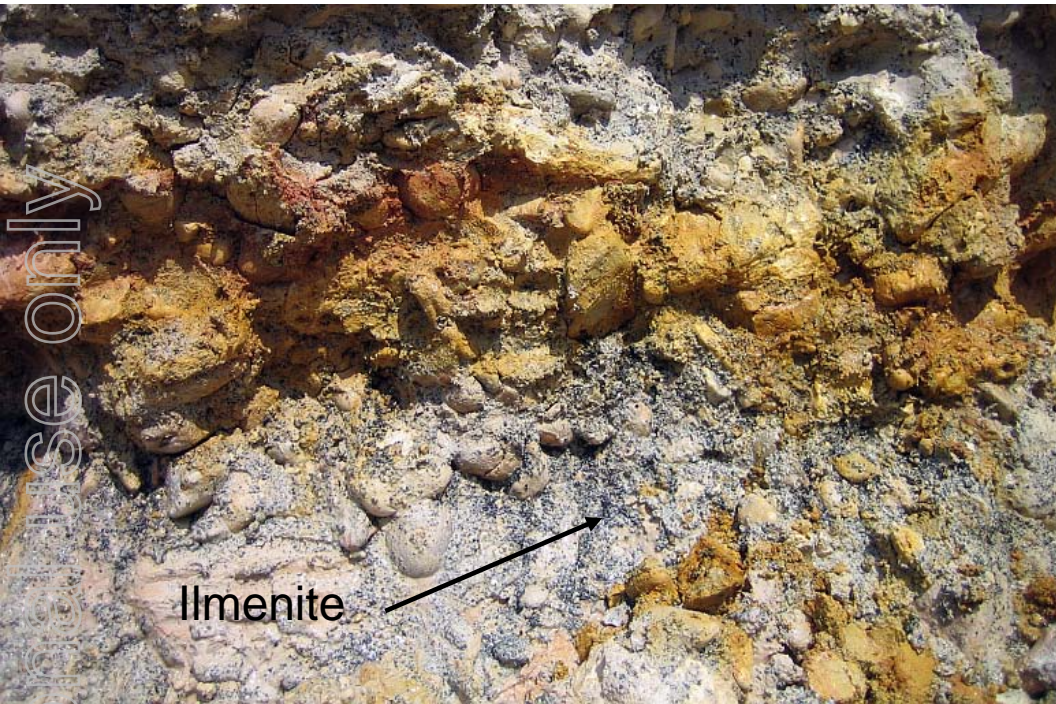
The photograph above shows Calonda Formation gravels excavated from Bulk Sample Site 1

BULK SAMPLE SITE 2



This site is located about 1km from the processing plant and the overburden has been stripped to expose the gravels. The pit has dimensions of 20m x 20m and the gravel is again around 1m thick. The should be about 400m³ This photograph was taken on the July 16 and excavation of the sample should now be complete.

CALONDA FORMATION GRAVELS



Most of the gravels exposed by Lonrho to date appear to be from the older Calonda Fm (rather than recent river terraces).

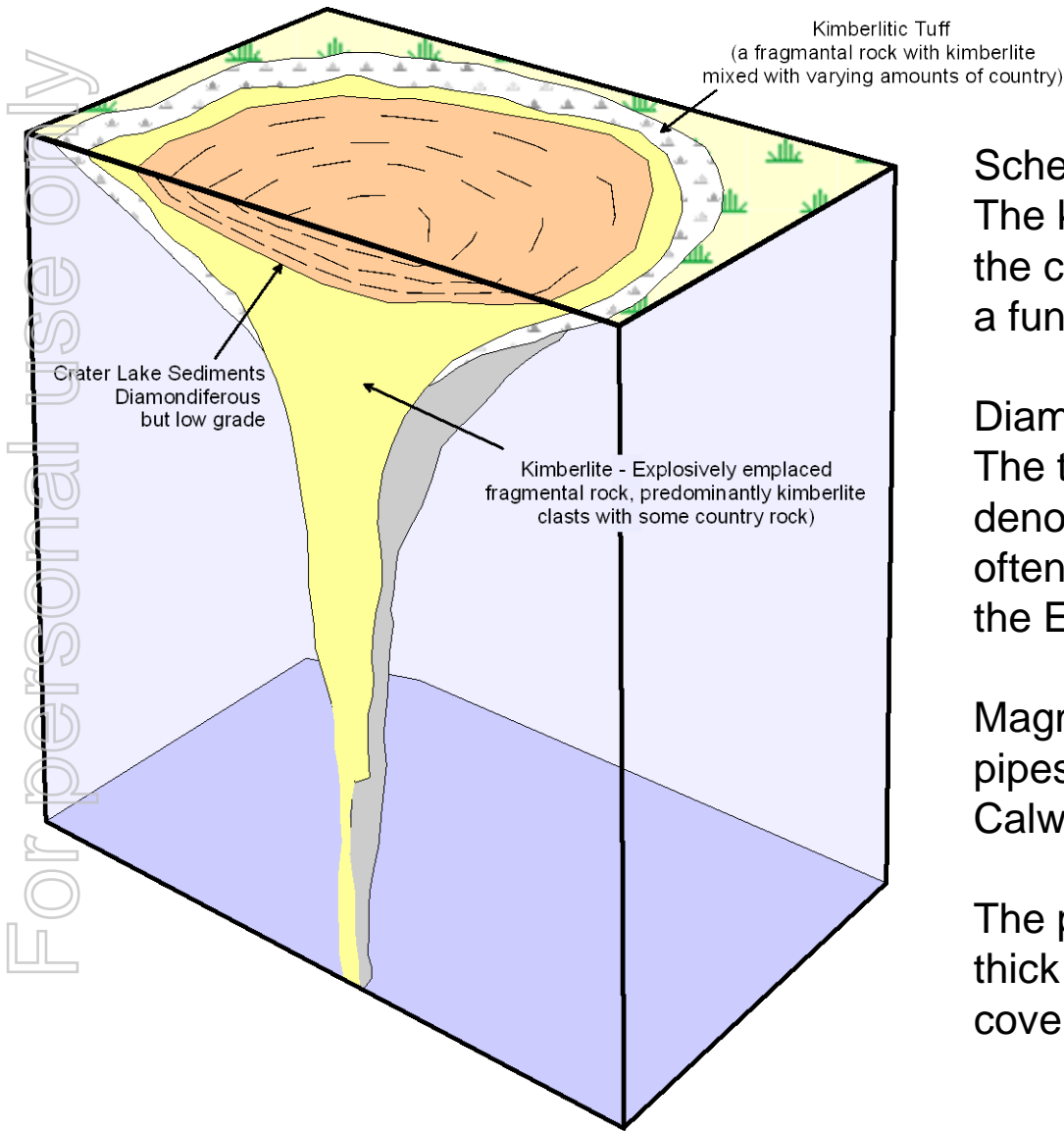
The Calonda Fm gravels are typically about 1m thick and are characterised by an abundance of rounded white cobbles. They often contain an abundance of kimberlitic indicator minerals



KIMBERLITE FOLLOW-UP

- Kimberlite follow-up will continue in conjunction with the alluvial bulk sampling program.
- The Kalahari Formation is quite thick (20m+) over much of the area. Even when the Kalahari is thin, kimberlites are very weathered and difficult to identify. Distinction between Kalahari, Calonda and Karoo units is difficult
- While some of the kimberlites can be exposed and tested using an excavator, weathering is pervasive and deep. Lonrho will need to use a drilling rig to locate and define most pipes
- If we can get and pay for a drilling rig, with a bit of planning and preparation we should still be able to locate an “test” 40 kimberlites this season
- For logistical reasons, the initial focus of kimberlite exploration will be the K72 area

KIMBERLITE FOLLOW-UP - ANGOLAN KIMBERLITES



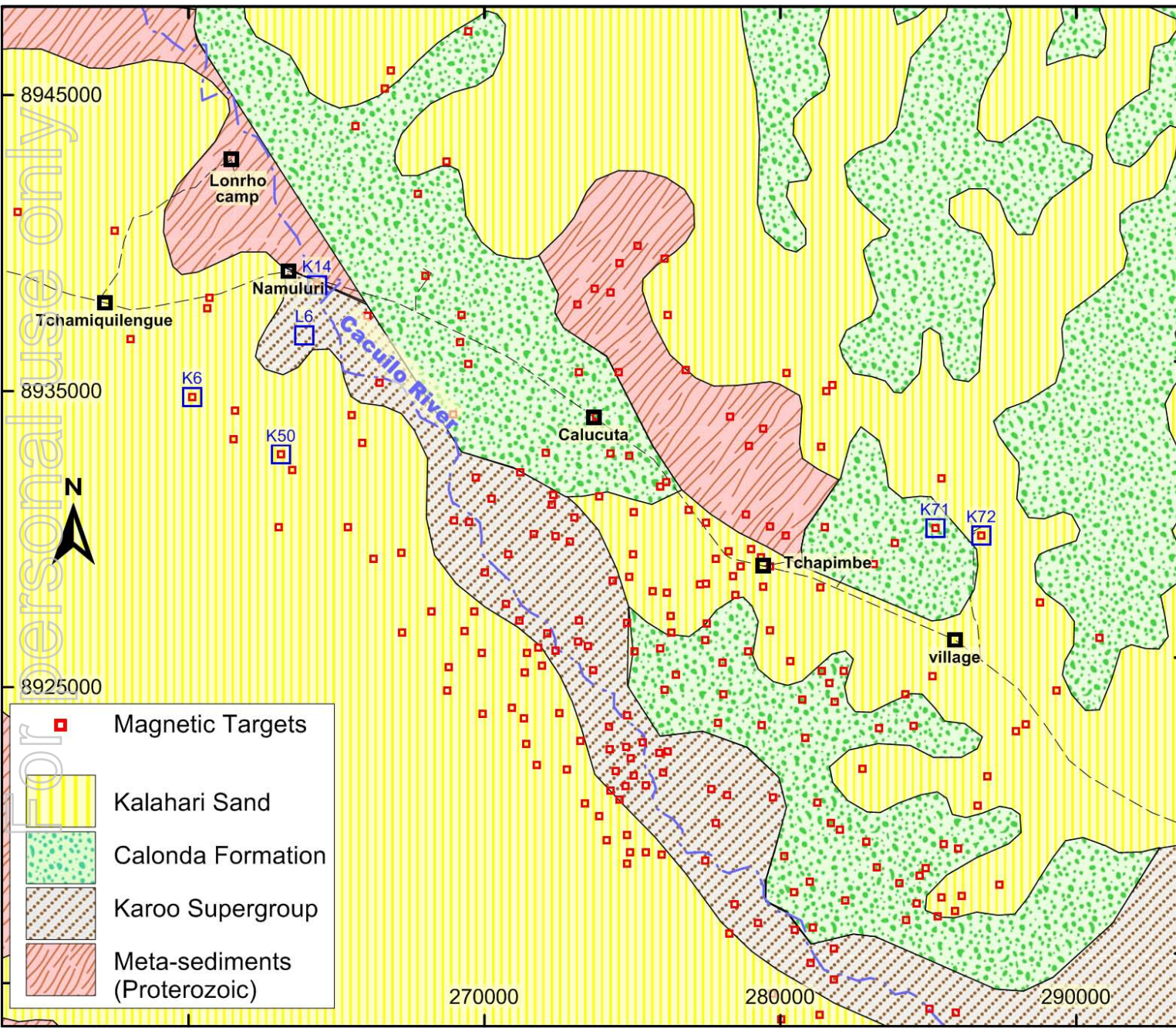
Schematic section of an Angolan Kimberlite. The kimberlites look more like lamproites than the carrot shaped pipes of South Africa. This is a function of their high degree of preservation.

Diamonds are concentrated in the kimberlite. The term tuff is used in southern Africa to denote the mixed fragmental sequence that often rims the pipe – this would be sandy tuff in the Ellendale context.

Magmatic kimberlite is not recorded and the pipes are more similar to those found in the Calwinyardah Field than the Ellendale Field

The pipes tend to be large but often have a thick and low grade crater lake assemblage covering them.

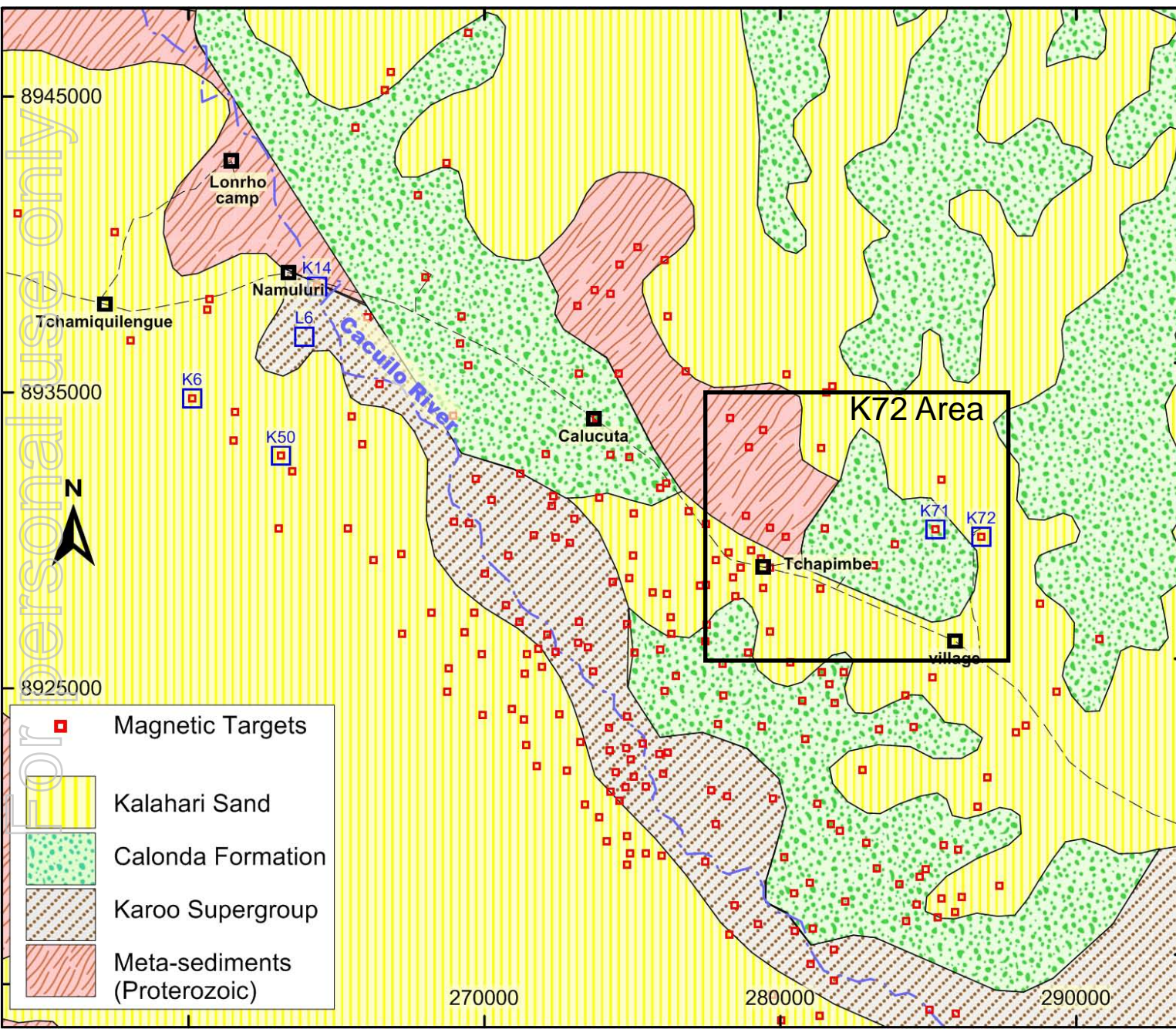
LULO 1:1,000,000 GEOLOGY



The geology is derived from the 1:1,000,000 map of Angola and is probably not accurate in detail. It does suggest that Kalahari cover has been stripped from much of the concession.

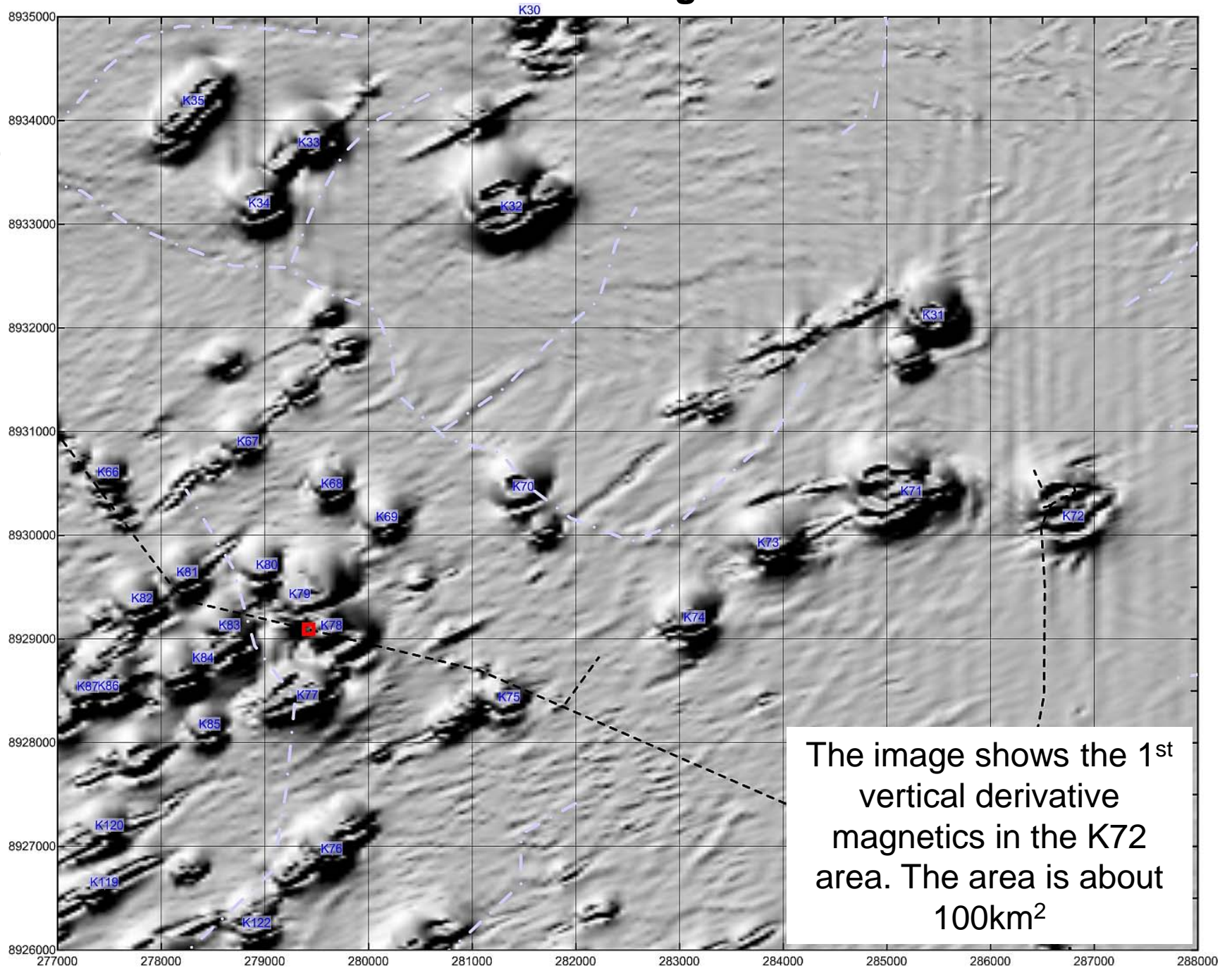
The Calonda Fm is likely to be the LOCAL diamond source in many areas

LULO 1:1,000,000 GEOLOGY

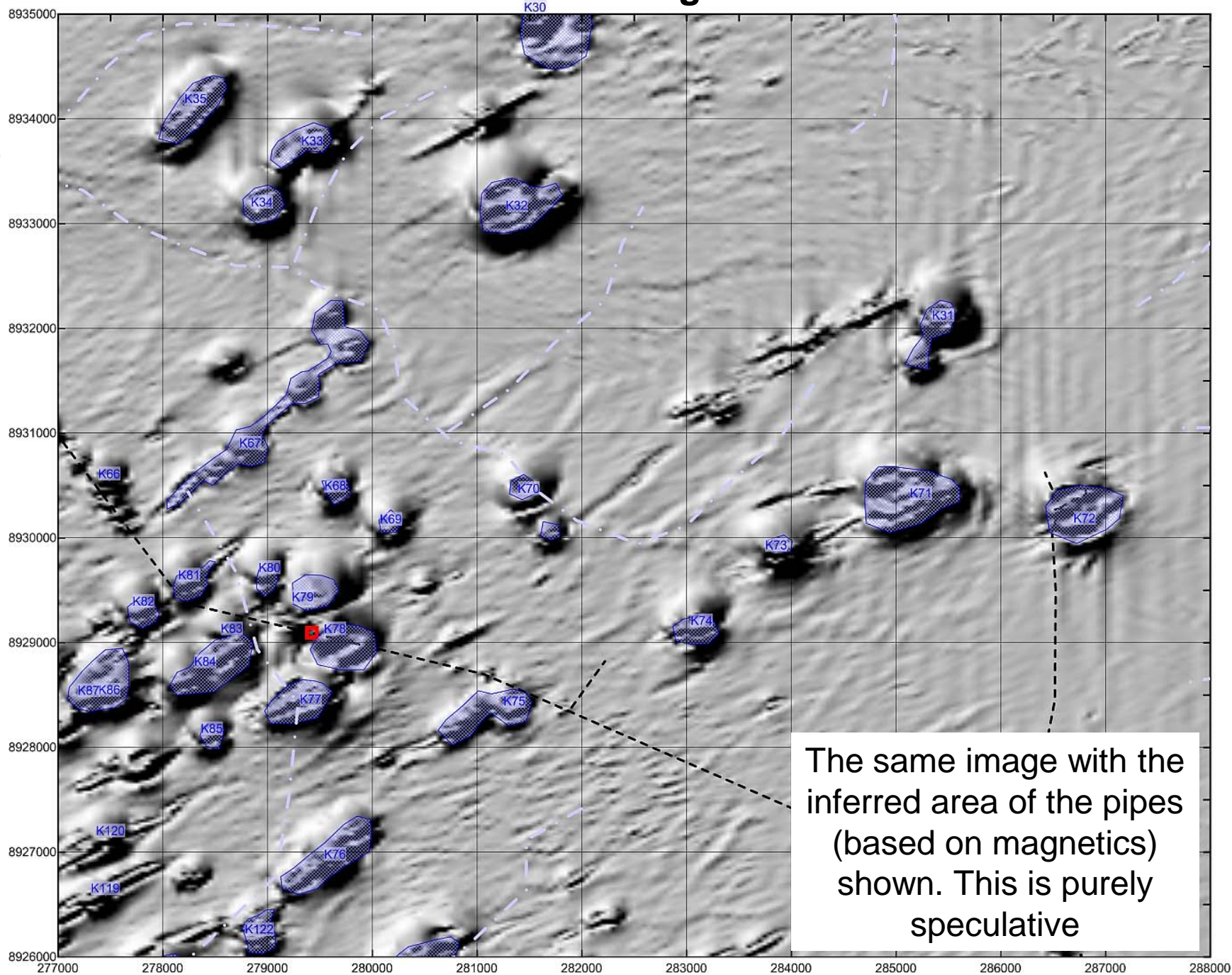


The initial focus of the kimberlite exploration program will be the K72 area

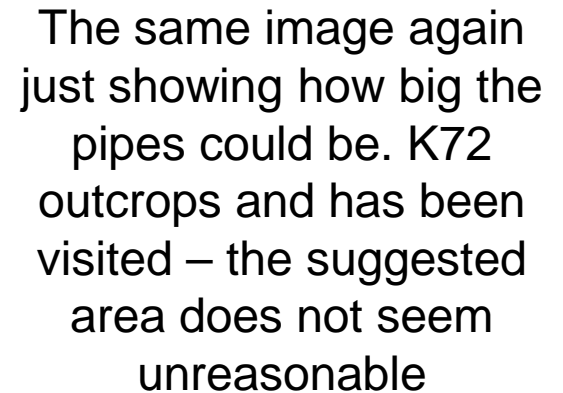
K72 Area - Magnetics



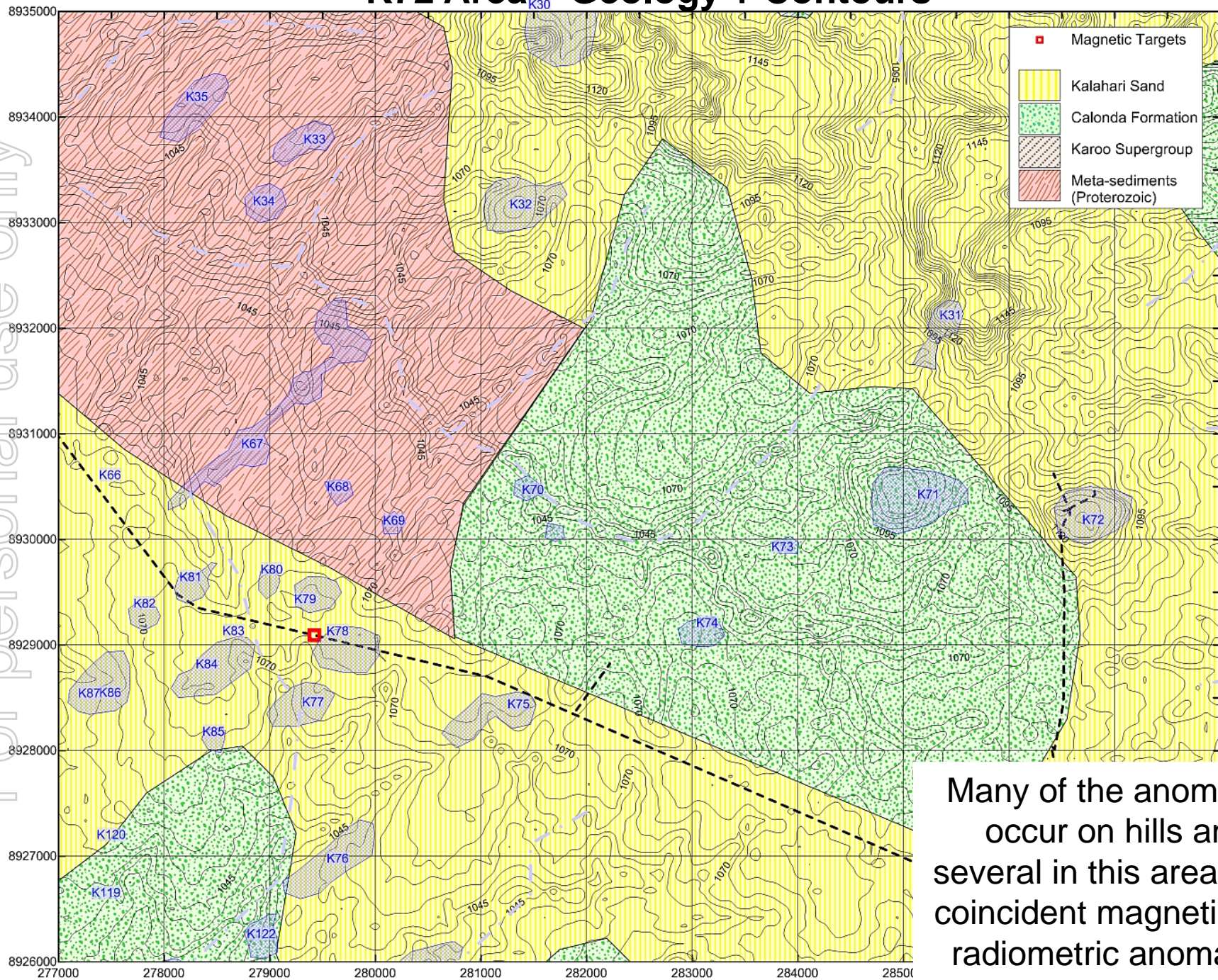
K72 Area - Magnetics



The same image with the inferred area of the pipes (based on magnetics) shown. This is purely speculative

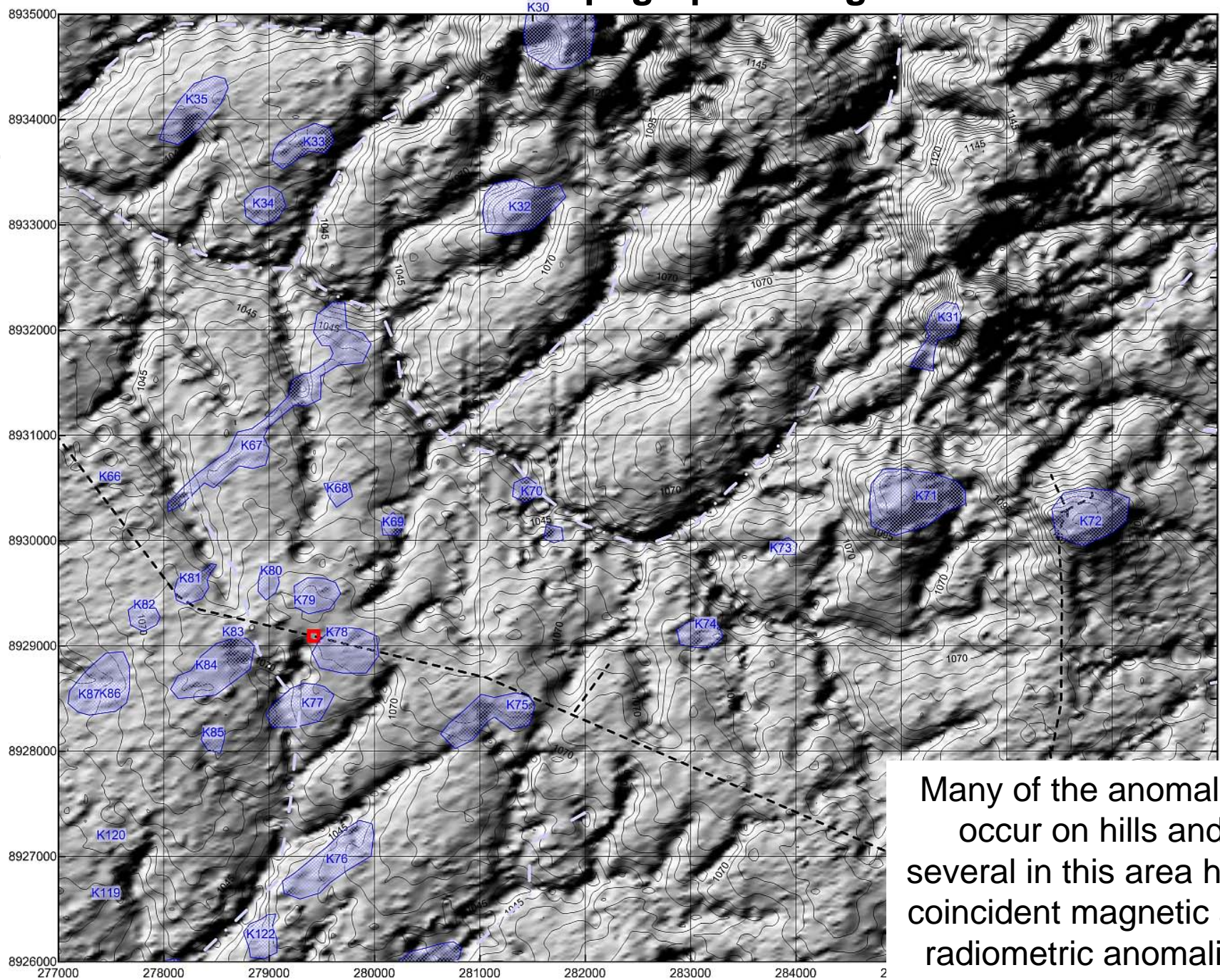


K72 Area – Geology + Contours



Many of the anomalies occur on hills and several in this area have coincident magnetic and radiometric anomalies

K72 Area – Topographic Image



Many of the anomalies occur on hills and several in this area have coincident magnetic and radiometric anomalies

K72 AREA

Accessing K72



K72 AREA

The view towards the K72 Kimberlite from K71



Kimberlitic Ilmenite
concentrations on the surface of
K72 – the kimberlite outcrops





1

Acquisition of Infrastructure

The company has purchased earthmoving equipment including:

1. Caterpillar 928 Front End Loader
2. 30 tonne Caterpillar Excavator
3. Caterpillar D6 Bulldozer
4. We also own a Caterpillar Backhoe

And have just purchased

5. A Caterpillar 6-wheel drive truck to transport samples to the plant-site



2



3



4

4



5

Acquisition of Infrastructure



15 TPH DMS
Module



Scrubber and Trommel



Feed Hopper
and conveyor



Diamond Recovery Jig
(to be replaced by a
Flowsort x-ray recovery unit)

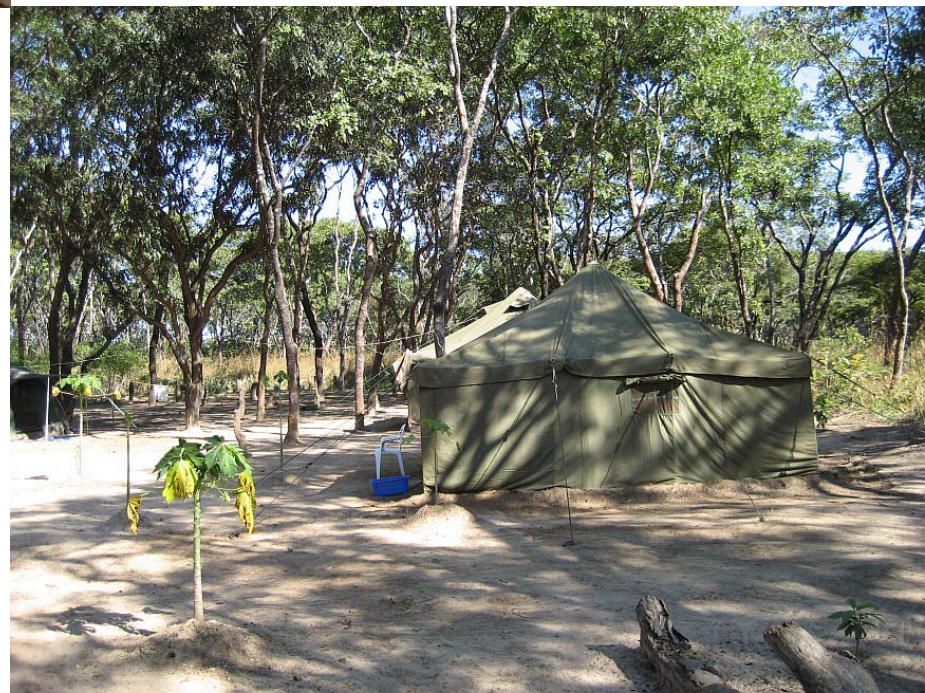
Lonrho has also acquired a 15 tonne per hour Dense Media Separation (DMS) plant. The DMS plant will be assembled on-site and used to process kimberlite and alluvial samples excavated from the Lulo concession.

This plant will enable the company to quickly establish the diamond content of a large number of targets.



LULO CAMP

What's there now



2010 WILL BE A DECISIVE YEAR FOR LONRHO!

The company is exploring what is considered by many to be “the most promising diamond project in the world today” *

The proposed exploration program is expected to identify significant primary (kimberlitic) and secondary (alluvial) diamond deposits during the current calendar year

Lonrho anticipates being in a position to take full advantage of the massive increase in diamond prices predicted for 2012 and beyond.

* A quote from Manfred Marx, one of the geologists credited with the discovery of the Orapa and Letlhakane mines in Botswana as well as the Lulo kimberlite field.