

NAMIBIAN MINERALS CORPORATION
MANAGEMENT PROXY CIRCULAR
FOR THE 2002 ANNUAL MEETING OF SHAREHOLDERS

SOLICITATION OF PROXIES

The information contained in this management proxy circular (the “Circular”) is furnished in connection with the solicitation of proxies to be used at the annual meeting (“Meeting”) of shareholders of Namibian Minerals Corporation (the “Company”) to be held on May 14, 2002 at 11:30 a.m. (London Time) at One Royal Exchange Avenue, London, England EC3V 3LT, and at all adjournments of the meeting, for the purposes set forth in the accompanying notice of meeting. It is expected that the solicitation will be made primarily by mail but proxies may also be solicited personally by employees of the Company. **The solicitation of proxies by this circular is being made by or on behalf of the management of the Company** and the total cost of the solicitation will be borne by the Company. The information contained herein is given as at March 28, 2002, except where otherwise noted.

Copies of the Company’s latest annual information form (together with the documents incorporated therein by reference), the comparative financial statements of the Company for the year ended December 31, 2001, together with the report of the auditors thereon, management’s discussion and analysis of the Company’s financial condition and results of operations for the year ended December 31, 2001, and additional copies of this Circular are available upon request from the Company.

All dollar values in this Circular are stated in United States dollars, unless otherwise noted.

Appointment of Proxies

The persons named in the enclosed form of proxy are representatives of management of the Company and are each a director and/or an officer of the Company as of the date of the Circular. A shareholder who wishes to appoint some other person to represent such shareholder at the Meeting may do so by both inserting such person’s name in the blank space provided in the form of proxy and striking out the names of the other persons named in the form of proxy. Such other person need not be a shareholder of the Company.

To be valid, proxies must be deposited with any one of the following:

- (a) the Company’s registrar and transfer agent, Computershare Trust Company of Canada, at 4th Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9 (Fax: +1(604) 685-4079),
- (b) Transfer Secretaries (Pty.) Limited, P.O. Box 2401, Windhoek, Namibia (Fax: +264 (61)-248531), or
- (c) the Company at its principal office at 26 Dover Street, London, England W1S 4LY (Fax: +44 (20) 7763 710),

so as to arrive no later than the close of business on May 9, 2002 or, if the Meeting is adjourned, no later than 48 hours before the time of such adjourned meeting, excluding Saturdays and holidays.

Non-Registered Holders

Only registered holders of common shares of the Company, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, common shares of the Company beneficially owned by a holder (a “Non-Registered Holder”) are registered either:

- (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Policy Statement No. 41 of the Canadian Securities Administrators, the Company has distributed copies of the notice of meeting, this Circular and the form of proxy (collectively, the “meeting materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- (a) be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with any one of Computershare Trust Company of Canada, Transfer Secretaries (Pty.) Limited or the Company as described above under “Appointment of Proxies”; or
- (b) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form (which may in some cases permit the completion of the voting instruction form by telephone).

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Should a Non-Registered Holder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should both

strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. ***In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.***

Revocation

A registered shareholder who has given a proxy may revoke the proxy by:

- (a) completing and signing a proxy bearing a later date and depositing it with any one of Computershare Trust Company of Canada, Transfer Secretaries (Pty.) Limited or the Company as described above under "Appointment of Proxies"; or
- (b) depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing: (i) at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of the Meeting, at which the proxy is to be used, or (ii) with the chairman of the Meeting prior to the commencement of the Meeting on the day of the meeting or any adjournment of the Meeting; or
- (c) in any other manner permitted by law.

A Non-Registered Holder may revoke a voting instruction form or a waiver of the right to receive meeting materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

VOTING OF PROXIES

The management representatives designated in the enclosed form of proxy will vote or withhold from voting the shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the shareholder as indicated on the proxy and, if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of such direction, such shares will be voted by the management representatives for the election of directors and for the appointment of auditors, as indicated under those headings in this Circular.**

The enclosed form of proxy confers discretionary authority upon the management representatives designated in the form of proxy with respect to amendments to or variations of matters identified in the notice of meeting and with respect to other matters which may properly come before the Meeting. At the date of this Circular, the management of the Company knows of no such amendments, variations or other matters. However, if any other matters, which are not now known to management, should properly come before the Meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgement of the nominee.

VOTING SHARES

On March 28, 2002, the Company had outstanding 100,240,221 common shares. Each holder of common shares of record at the close of business on March 28, 2002, the record date established for notice of the Meeting, will be entitled to one vote for each common share held on all matters proposed to come before the Meeting, except to the extent that the holder has transferred any common shares after the record date and the transferee of such shares establishes ownership of them and makes a written demand, not later than the close of business on May 6, 2002, to be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such shares. All matters before the meeting require a simple majority (50%) of the votes cast at the Meeting.

PRINCIPAL HOLDERS OF VOTING SECURITIES

To the knowledge of the directors and officers of the Company, the only persons or corporations who beneficially own, directly or indirectly, or exercise control or direction over, securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company are indicated below:

<u>Name and Address</u>	<u>Designation of Class</u>	<u>Number of Securities</u>	<u>Percentage of Class</u>
LL Mining Corporation B.V. ("LL Mining") ⁽¹⁾	Common	37,727,273	37.6%

(1) LL Mining Corporation B.V. is a Netherlands corporation which is wholly owned by Meijer Witgoed Capelle B.V., which in turn is wholly owned by Mr. Lev Leviev, a prominent Israeli businessman in the diamond industry.

PARTICULARS OF MATTERS TO BE ACTED UPON

A. Election of Directors

The number of directors to be elected at the Meeting is 6. Each director of the Company is elected annually and holds office until the next annual meeting of the shareholders unless that person ceases to be a director before then.

In the absence of instructions to the contrary, the management representatives named in the enclosed form of proxy intend to cast the votes to which the shares represented by such proxy are entitled in favour of the nominees herein listed.

Management does not contemplate that any of the nominees will be unable to serve as a director. If this should occur for any reason prior to the Meeting, however, the management representatives designated in the enclosed form of proxy reserve the right to vote for another nominee at their discretion.

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date hereof:

<u>Name and Municipality of Residence</u>	<u>Principal Occupation</u>	<u>Became Director</u>	<u>Number of Shares</u>
ARYE BARBOY ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Lehavim, Israel	Director of International Investment, Leviev Group of Companies (from 1994); Partner and Financial Director, United Project Services Ltd. (from 1990 to 1998)	2001	Nil
ANDREW E. BUXTON ⁽²⁾⁽³⁾⁽⁵⁾ London, England	Non-executive director of Mercury World Mining Trust (a company engaged in investment, from 1993) and of Henderson Far East Income Trust PLC, a company engaged in investment.	1997	50,000
LOINE GEINGOS ⁽⁵⁾ Windhoek, Namibia	Non-executive director of Global Projects Namibia (Pty) Ltd. (a company engaged in food catering); Oshiwanda Fishing Co (Pty) Ltd. (a company engaged in fishing); Namibia Sea Food Processor (Pty) Ltd. (a company engaged in food processing); Charity and Development Projects CC (a charitable organization); Offshore Development Company (a company engaged in import/export business)	1999	5,700
JAY KELLERMAN ⁽¹⁾ Toronto, Ontario	Partner, Stikeman Elliott law firm	2001	Nil
ELIEZER NEFUSSY ⁽¹⁾⁽⁴⁾ Ramat-gan, Israel	Chief Financial Officer of the Company; General Manager, ILD Hotels (from 2000); Chief Financial Officer, ILD Hotels (from 1989); Chief Financial Officer, Hed Arzi (from 1993 to 1996)	2001	Nil
NEIL WOODYER ⁽³⁾⁽⁵⁾⁽⁶⁾ Vancouver, British Columbia	Managing Director, Endeavour Financial (from 1988)	2001	Nil

(1) Nominee of LL Mining.

(2) Member of the Compensation Committee.

(3) Member of the Audit Committee.

(4) Member of the Finance Committee.

(5) Member of the Governance and Business Conduct Committee.

(6) Nominee of the holders of convertible debentures issued by the Company on March and April 2001.

No director, executive officer or officer of the Company, or any proposed nominee for election as a director of the Company, or any associate of any such director, officer or proposed nominee is, or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to or benefiting from financial assistance from the Company or any of its subsidiaries.

B. Appointment of Auditors

Shareholders are asked to approve, and the persons named in the enclosed form of proxy intend to vote in favour of, the reappointment of Deloitte & Touche LLP, Chartered Accountants, as auditors of the Company for the ensuing year, to hold office until the close of the next annual meeting of the shareholders, at a remuneration to be fixed by the board of directors. Deloitte & Touche have served as auditors of the Company since December 1, 1993.

C. Other Business

Management knows of no other matters to come before the Meeting other than those referred to in the notice of meeting. Should any other matters properly come before the Meeting, the shares represented by the form of proxy solicited hereby will be voted on such matters in accordance with the best judgement of the persons voting by proxy.

EXECUTIVE COMPENSATION

The following Summary Compensation Table, presented in accordance with the regulation to the *Securities Act* (Ontario), sets forth the compensation paid in respect of individuals who were, in respect of the financial year ended December 31, 2001, the Chief Executive Officer and the other executive officers of the Company whose total salary and bonus exceeded CAD\$100,000 (collectively, the “Named Executive Officers”).

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year Ended	Annual Compensation			Long-Term Compensation Awards	
		Salary (US\$)	Bonus (US\$)	Other Annual Compensation ⁽⁵⁾ (US\$)	Common Shares Under Options Granted ⁽⁶⁾ (#)	All Other Compensation (US\$)
Eliezer Nefussy ⁽¹⁾ , Former Interim Chief Executive Officer & President, and current Chief Financial Officer & Director	2001	106,250	Nil	Nil	Nil/Nil	Nil
Alastair Holberton ⁽²⁾ , Former Chief Executive Officer, President & Director	2001	339,000	Nil	Nil	Nil/Nil	Nil
	2000	448,000	Nil	Nil	Nil/Nil	Nil
	1999	373,000	271,000	Nil	1,000,000/Nil	Nil
Charles Purdy ⁽³⁾ , Former Chief Financial Officer, Secretary & Director	2001	157,000	Nil	Nil	100,000/Nil	Nil
	2000	164,000	4,000	Nil	Nil/Nil	Nil
	1999	141,000	89,000	Nil	Nil/Nil	Nil
Peter Looijen, Managing Director South African Operations Officer ⁽⁴⁾	2001	192,000	Nil	Nil	Nil/Nil	Nil

(1) Eliezer Nefussy was appointed Interim Chief Executive Officer and President on December 20, 2001 and ceased these capacities upon the appointment of Gregory Walker as Chief Executive Officer on February 12, 2002. Mr. Nefussy maintains his capacities as Chief Financial Officer and Director.

(2) Alastair Holberton ceased to be Chief Executive Officer, President and Director on December 17, 2001.

(3) Charles Purdy ceased to be Chief Financial Officer, Secretary and Director of the Company immediately following the Company’s Annual General Meeting on June 29, 2001.

(4) Peter Looijen was appointed Managing Director South African Operations Officer on June 29, 2001.

(5) The value of perquisites and other personal benefits for each Named Executive Officer does not exceed the lesser of C\$50,000 and 10% of the total annual salary and bonus of such Named Executive Officer and accordingly, is not recorded.

(6) Alastair Holberton’s and Charles Purdy’s stock options lapsed following their resignation from the Company. However, as part of severance arrangements, Mr. Purdy was granted options on July 1, 2001 to purchase up to 100,000 common shares of the Company.

No officers of the Company other than the Named Executive Officers received individual compensation in excess of CAD\$40,000 for services in all capacities during the most recently completed financial year. Since Mr. Holberton ceased to be Chief Executive Officer, President and Director, Mr. Walker has been appointed Chief Executive Officer. Since Mr. Purdy ceased

to be Chief Financial Officer, Secretary and Director, Mr. Nefussy has been appointed Chief Financial Officer and Director.

STOCK OPTION INCENTIVE COMPENSATION

The following table sets forth information relating to the granting of options to the Named Executive Officers during the year ended December 31, 2001.

OPTION GRANTS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise Price (US\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (US\$/Security)	Expiration Date
Charles Purdy ⁽¹⁾ Former Chief Financial Officer, Secretary & Director	100,000	100%	\$0.50	\$0.50	July 1, 2004

- (1) Charles Purdy was granted options on July 1, 2001 to purchase up to 100,000 common shares of the Company pursuant to a consultancy agreement entered into with the Company, following him ceasing to be the Chief Financial Officer, Secretary and Director of the Company on June 29, 2001.

The following table sets forth information relating to the exercise of options by the Named Executive Officers during the year ended December 31, 2001.

AGGREGATED OPTION EXERCISES DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION VALUES

Name	Common Shares Acquired on Exercise (#)	Aggregate Value Realized (US\$)	Unexercised Options at December 31, 2001 (#) Exercisable / Unexercisable	Value of Unexercised in-the-Money Options at December 31, 2001 (US\$) Exercisable / Unexercisable
Eliezer Nefussy ⁽¹⁾ , Former Interim Chief Executive Officer & President, and current Chief Financial Officer & Director	Nil	Nil	Nil / Nil	Nil / Nil
Alastair Holberton ⁽²⁾ Former Chief Executive Officer, President & Director	Nil	Nil	742,500 / 247,500 ⁽³⁾	Nil / Nil
Charles Purdy ⁽⁴⁾ Former Chief Financial Officer, Secretary & Director	Nil	Nil	100,000 / Nil	Nil / Nil
Peter Looijen Managing Director, African Operations	Nil	Nil	162,500/62,500	Nil / Nil

- (1) Eliezer Nefussy was appointed Interim Chief Executive Officer on December 20, 2001 and ceased this capacity upon the appointment of Gregory Walker as Chief Executive Officer on February 12, 2002. Mr. Nefussy maintains his capacities as Chief Financial Officer and Director.

- (2) Alastair Holberton ceased to be Chief Executive Officer, President and Director on December 17, 2001.
- (3) These options granted to Alastair Holberton pursuant to his employment with the Company have lapsed in 2002.
- (4) Charles Purdy ceased to be Chief Financial Officer, Secretary and Director of the Company on June 29, 2001. The options granted to him pursuant to his employment with the Company have lapsed. However, as part of severance arrangements, Mr. Purdy was granted options on July 1, 2001 to purchase up to 100,000 common shares of the Company.

Employment Contracts

Gregory Walker

The Company is finalizing a service agreement with Gregory Walker, the Chief Executive Officer of the Company. The term of the agreement is expected to be for an indefinite period commencing on or before March 15, 2002 and terminable at any time by either party giving not less than 3 months prior notice. The agreement will prohibit Mr. Walker from being contractually involved with any enterprise that competes with the business of the Company.

Mr. Walker's salary will be reviewable based upon the profitability of the Company and is currently fixed at US\$180,000 per year. The Company intends to grant Mr. Walker options to purchase common shares of the Company.

Eliezer Nefussy

The Company entered into a service agreement dated June 20, 2001 with Eliezer Nefussy, the Chief Financial Officer of the Company. The agreement is for an indefinite term commencing on or before July 15, 2001 and is terminable at any time by either party giving not less than 45 days prior notice. The agreement requires Mr. Nefussy to devote all of his time, attention and skill to the duties of his office. Mr. Nefussy is subject to non-competition and confidentiality obligations during and after his employment with the Company. Mr. Nefussy's salary is US\$150,000 per year, which he has voluntarily agreed to reduce to US\$135,000 pursuant to the Share Compensation Plan. Mr. Nefussy is entitled to be refunded by the Company for reasonable and proper expenses relating to his work, and the Company will cover his reasonable relocation expenses from Israel. The agreement states the intention of the Company to grant Mr. Nefussy options to acquire common shares of the Company.

Severance Arrangements with Former Executives

Alastair Holberton

Alastair Holberton ceased to be Chief Executive Officer and President on December 17, 2001. The Company is finalizing a written severance agreement that records an agreement reached with Mr. Holberton, in terms of which Mr. Holberton : is to be paid £18,750 for December 2001 and £18,750 for each of the six months thereafter; subject to regulatory approval will receive warrants expiring on January 1, 2007 to purchase up to 3,000,000 common shares of the Company at an exercise price of not less than the current market price at close of business on February 28,2002; and he may purchase two Audi motor vehicles at a cost of ZAR96,999 and £6,860, respectively.

Charles Purdy

Charles Purdy ceased to be Chief Financial Officer and Secretary following the Company's Annual General Meeting held on June 29, 2001 and Eliezer Nefussy was appointed at that time as the Company's Chief Financial Officer. In terms of a written agreement between the Company and Mr. Purdy, in consideration for waiving the 36 month notice period in his employment agreement, Mr. Purdy was paid a redundancy payment of £45,000 in June 2001. The agreement also provides that Mr. Purdy will provide 12 months of consulting services to the Company and that Mr. Purdy will be paid £10,000 per month for up to 15 days of consulting per month for the first three months and will be paid £3,500 per month for up to five days of consulting per month for the remaining nine months. Pursuant to the agreement, Mr. Purdy was also granted options on July 1, 2001 to purchase up to 100,000 common shares of the Company at an exercise price of US\$0.50 per share. These options expire on July 1, 2004.

COMPOSITION OF COMPENSATION COMMITTEE

The compensation committee of the board of directors of the Company (the "Compensation Committee") for the year ended December 31, 2001 was comprised of Andrew Buxton (Chairman), Frank Guistra and Arye Barboy. Mr. Guistra resigned as a director of the Company and as a member of the Compensation Committee on October 22, 2001 and is not replaced. Neither Mr. Buxton nor Mr. Guistra is or was an officer, employee or former officer or employee of the Company or any of its affiliates and neither of them is or was eligible to participate in the Company's executive compensation program, except as described under "Compensation of Directors". Mr. Barboy is the non-executive Chair of the board of directors of the Company since December 2001 and is employed by an affiliate of the Company's major shareholder, LL Mining. The Compensation Committee did not meet in 2001, but intends to meet in 2002. The Compensation Committee meets as required to monitor and review management compensation policies and benefits, management succession planning and to review overall composition and quality of the Company's management resources. The Compensation Committee's mandate is to review and approve changes to executive compensation. This includes an annual evaluation of the performance of the Named Executive Officers and a review of the performance reports for other executive officers of the Company.

REPORT ON EXECUTIVE COMPENSATION

Philosophy

The Company believes that executive compensation should be based on the role and responsibility of the executive in relation to both the marketplace for comparable executive services and within the Company, as well as on the executive's individual performance, and that this should apply equally to all executive officers. The compensation arrangements of the Company are focused on rewarding performance. Accordingly, compensation levels are and will continue to be monitored to ensure that they are competitive within the relevant marketplace.

The key components of executive compensation are currently base salary, short-term incentives and long-term incentives. The short and long-term incentive plans are designed to provide a

significant amount of variable compensation, which is linked to individual performance and increases in shareholder value.

Short-term incentives are represented by cash bonus awards. Awards are determined based on both the performance of the Company and the individual executive. The performance of the Company is measured by the achievement of pre-arranged objectives established for individual executives by the board of directors and other objectives of the Company. The individual performance of the executive is based on the degree to which that executive has met specific pre-agreed objectives.

Long-term objectives are intended to reward management based on increases in the value of the Company's common shares. The purpose of these arrangements, reflected primarily in the Company's stock option plan, is to achieve a commonality of interest between shareholders and management and to motivate executives to improve the Company's longer term financial success, measured in terms of enhanced shareholder wealth over the long term. The allocation of share options to executives is based on criteria similar to those applicable to short-term incentives and, in part, on maintaining individual executives' pro rata interest in the stock option plan.

Compensation of the Chief Executive Officer

The compensation of Gregory Walker, the current Chief Executive Officer of the Company, has been determined by the board of directors of the Company in accordance with the compensation principles discussed above under "Philosophy" and is set at US\$180,000 per annum.

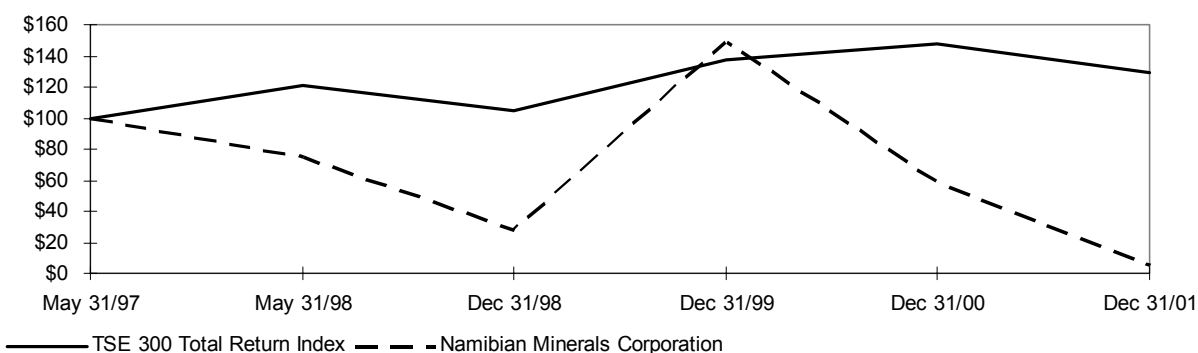
The compensation of Eliezer Nefussy, the interim Chief Executive Officer of the Company from December 20, 2001 to February 12, 2002 was unchanged from his compensation as Chief Financial Officer of the Company, which is set at US\$135,000 per annum.

The compensation of Alastair Holberton, the Chief Executive Officer of the Company until December 17, 2001, was determined in accordance with the compensation principles discussed above under "Philosophy". The cost of employment of Alastair Holberton, was reduced as from February 2001 from £300 000 to £210 000 until June 2001 at which time it was set at £250 000 per annum and reset in August 2001 at £225 000.

Report presented by: Andrew Buxton and Arye Barboy.

PERFORMANCE GRAPH

The following graph charts the performance of an investment in the Common Shares assuming an investment of C\$100 on May 31, 1997 against the TSE 300 Total Return Index during such period. The total cumulative shareholder return to December 31, 2001 for C\$100 invested in the Company on May 31, 1997 was C\$4.97 as compared with C\$129.07 for the TSE 300 Total Return Index.



COMPENSATION OF DIRECTORS

Other than compensation paid to Alastair Holberton (who was a director until December 17, 2001), Eliezer Nefussy, Charles Purdy (who was a director until June 29, 2001), and Peter Looijen as disclosed above in the Summary Compensation Table, the non-executive directors agreed to receive a reduced annual fee of US\$5,000 pro-rated for the period of service in the year of appointment as compensation for their services in their capacity as directors of the Company, and an additional US\$2,500 as compensation for acting as a chairman of any one of the committees of the board of directors of the Company.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company believes that sound corporate governance practices are essential to the well being of the Company and its shareholders. The mandate of the board of directors is to supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company.

Frequency of meetings as well as the nature of agenda items change depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces.

Board Composition

The board of directors is currently composed of 6 members. The board of directors is constituted with a majority of individuals who qualify as "unrelated directors" within the meaning of the 1994 report of The Toronto Stock Exchange Committee of Corporate Governance in Canada.

Eliezer Nefussy, the current Chief Financial Officer of the Company, is currently a director and a management nominee for re-election as director. The board believes that given the direct involvement of the Company's officers in the Company's business, the presence of the Chief Financial Officer is beneficial to the other directors and his participation as director contributes to the effectiveness of the board.

Board Committees

The board of directors currently has four committees: the Audit Committee, the Finance Committee, the Compensation Committee and the Governance and Business Conduct

Committee. From time to time, *ad hoc* committees of the board may be appointed. The Company does not have an executive committee.

Audit Committee

The current members of the Audit Committee are Andrew Buxton, Arye Barboy and Neil Woodyer. This committee is responsible for reviewing the Company's financial reporting procedures, internal controls and the performance of the Company's external auditors. The committee is also responsible for reviewing quarterly financial statements and the annual financial statements prior to their approval by the full board of directors. Pursuant to the investment agreement dated March 30, 2001 between Paul Weststrate BV (now LL Mining) and the Company, the Company undertook to seek to have the board of directors of the Company appoint one of the directors designated by LL Mining as the chairman of the Audit Committee.

Finance Committee

The current members of the Finance Committee are Arye Barboy and Eli Nefussy. Alastair Holberton was a member of the Finance Committee until his resignation on December 17, 2001. The committee is responsible for approving capital expenditure, approving unbudgeted expenditure over US\$100,000, dealing with the sale of any asset, dealing with the raising of capital and approving the offer of compromise made to creditors of the Company. The objective of the Committee is to ensure the tightest financial control, centered under the Chief Financial Officer with direct involvement from the Company's major shareholder, LL Mining.

Compensation Committee

The membership and role of the Compensation Committee is described above under "Composition of the Compensation Committee".

Governance and Business Conduct Committee

The board of directors established the Governance and Business Conduct Committee in March 2002. It is the responsibility of this committee, in consultation with the Chairman of the board of directors, to review the effectiveness of the board's operations and its relations with management, to assess the performance of the board, the committees of the board and its individual directors and to review the Company's statement of corporate governance practices. The Governance and Business Conduct Committee also has the responsibility of reviewing the business ethics and conflicts of interest of employees, directors and shareholders. All proposed transactions which fall under Ontario Securities Commission Rule 61-501 or are above the limits established by the board and involve related parties such as LL Mining must be approved in advance by the Governance and Business Conduct Committee.

The Governance and Business Conduct Committee is currently comprised of Andrew Buxton, Loine Geingos and Neil Woodyer, all of whom are independent directors.

Decisions Requiring Board Approval

In addition to those matters which must by law be approved by the board, management is also required to seek board approval for any disposition or expenditure in excess of \$5,000,000. Management is also required to consult with the board before entering into any venture which is outside of the Company's existing businesses.

Board Performance

It is the responsibility of the Chair of the board to ensure the effective operation of the board. At least once each year, the Chair meets with all the independent directors as a group to discuss the effectiveness of the process the board follows and the quality of information provided to directors by management. The Chair also meets at least once each year on an individual basis with every member of the board to discuss that director's contribution to board and committee meetings and any other matters which the individual directors wish to raise with the Chair.

Shareholder Feedback

The Company maintains an investor relations department which the board believes is important and highly effective. Every shareholder inquiry receives a prompt response from the investor relations department or an appropriate officer of the Company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains directors' and officers' liability and company reimbursement insurance. This coverage was renewed in 2001 for the one year period ending October 20, 2002. The insurance has a limit of coverage of US\$7,500,000 in aggregate for worldwide coverage, plus an additional 10% coverage in respect of defence costs. The policy is subject to various exclusions, including claims against directors or officers arising through fraud or wilful misconduct, personal injury and property and certain pollution claims. An additional insurance policy was purchased by the Company for coverage of US\$7,500,000 on the same conditions of coverage as the initial policy discussed above. The Company has been informed by its insurers that officers and directors of the Company will not be insured against claims by any significant shareholder of the Company such as LL Mining.

DIRECTORS' APPROVAL

The contents of this Circular and the sending thereof to the shareholders of the Company have been approved by the directors of the Company.

London, England, March 28, 2002.

By Order of the Board of Directors,

Craig Assheton-Smith
Secretary