

5/5/95
5 May 1995

AGREEMENT OF CONSORTIUM, ESTABLISHMENT OF CONSORTIUM AND VOTING POOL AGREEMENT

The present Agreement is concluded between the ASSOCIATION OF ENTREPRENEURS of the Archangelsk Region, represented by its President Vladimir Khamzovich Ljapin, joint-stock commercial bank-GANDVIKBANK, represented by Solomon Yakovlevich Smoljarzh, Chairman of the board of directors, State enterprise ARCHANGELSKGEOLOGIA, represented by General Director Anatoli Grigorjevich Kazakov, FOURTH INVESTMENTS SA, represented by General Director Gershon Ben-Tovim, together referred to as "Parties" or separately as "Party" as to the follows:

The Parties have agreed to establish a consortium with the total shareholding of 58.5% in AO SEVERALMAZ and the following distribution of percentage among the members of the Consortium:

ARCHANGELSKGEOLOGIA -	34 %
FOURTH INVESTMENTS SA -	17 %
GANDVIKBANK -	4.6%
ASSOCIATION OF ENTREPRENEURS -	2.9%

For joint activity with the aim to facilitate the development of Lomonosov diamond deposits by raising the necessary financial resources, providing advanced technologies and equipment.

Provided the following conditions are observed:

marketing of diamonds will be carried out according to the business plan of the FINANCIAL PRODUCTION CONSORTIUM, and in accordance with Russian legislation;

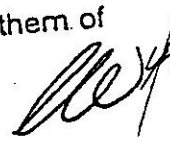
FINANCIAL PRODUCTION CONSORTIUM will operate as an investor-contractor for the project,

FOURTH INVESTMENTS SA undertakes on behalf of the Consortium and for the benefit of SEVERALMAZ to:

1. Ensure the full financing of the project, provided the feasibility study is satisfactory;
2. Finance the working out of the feasibility study and use the necessary experts and contractors.
3. Work out the feasibility study under the Licencing Agreement according to the world standards.

The Parties agree that the FINANCIAL PRODUCTION CONSORTIUM will be appointed as their contractor to undertake the development of the project in accordance with the business plan and based on standard and sound contracting principles.


The Parties further set out hereunder their agreement relating to the voting by them of their shareholding as set out above:

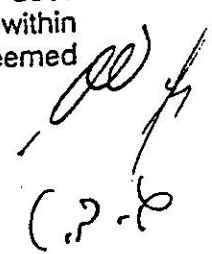

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1. immediately after any notice convening any general meeting of SEVERALMAZ is sent to the shareholders, a meeting of the Parties shall be held at Archangelsk (unless a majority of Parties agree to a different venue) on the second business day prior to the date of the general meeting convened by SEVERALMAZ (unless a majority of Parties agree to a different date). The Parties shall be entitled to personally attend any such meeting ("the Pool Meeting") or be represented at such Pool Meeting by their duly authorised representative (provided only that a single representative of each Party shall be entitled to be present);
2. the purpose and object of each Pool Meeting shall be to determine the views of the Parties (present or represented at such Pool Meeting) on all matters, questions or resolutions to be proposed and determined at the general meeting;
3. a quorum for any Pool Meeting shall be all Parties (present or represented). Any decision at any Pool Meeting at which a quorum is present shall be deemed to be the decision of all the Parties. No Pool Meeting shall be held unless a quorum is present.
4. If the Parties (present or represented) at the Pool Meeting are unable to agree unanimously on the manner upon which any matter, question or resolution to be considered at the General Meeting of SEVERALMAZ shall be decided or voted upon, then such matter, question or resolution upon which the difference of opinion has arisen shall be referred to a further vote of such Parties (present or represented) at such Pool Meeting. The decision of the majority of the Parties (present or represented) at such Pool Meeting by way of Special Resolution shall be deemed to constitute the unanimous agreement of all the Parties on the said matter, question or resolution. The decision of the Parties in terms of this clause 4. shall be recorded in writing and signed by all the Parties (present or represented) ("the Pool Resolution"). For the purposes hereof, the expression "Special Resolution" means any resolution approved of by a majority of Parties present or represented at any Pool Meeting, and representing 75% of the total shareholding held by the Parties.
5.
 - 5.1 The Parties hereby agree that if at any time any Party intends or desires to sell, alienate, transfer or otherwise dispose of (collectively referred to as "sell" for the purposes of this clause 5.) any or all of his shares which he contributed to the Pool, such Party ("the Offeror") shall first be obliged to offer for sale to the remaining Parties to this Agreement ("the Offerees") such of the said shares which he wishes to sell ("the Sale Shares") in accordance with the provisions of this clause 5..
 - 5.2 Should the Offeror wish to sell the Sale Shares, then he shall offer the Sale Shares ("the Offer") to the Offerees, pro rata to the number of shares which the Offerees contributed to the Pool or in such other proportion as may be agreed upon between the Offerees.
 - 5.3 The Offer shall be in writing and dated and shall be delivered to all of the remaining Parties. The Offer shall:
 - 5.3.1 stipulate the number of the Sale Shares offered;



5.2-2



- 5.3.2 stipulate the price of each of the Sale Shares offered;
- 5.3.3 be irrevocable and open for acceptance by the Offerees, by way of delivery of written notification to the Offeror, for a period of 7 (Seven) business days after the time of delivery of the Offer ("the Offer Period");
- 5.3.4 be upon the terms that the price is payable against delivery of the Sale Shares in negotiable form, such payment and delivery taking place on or before the 7th (Seventh) business day after the expiry of the Offer Period;
- 5.3.5 not be subject to any other terms or conditions except that the whole and not a part only of the Offer must be accepted (unless the Offeror agrees to the contrary in writing).
- 5.4 If any Offeree ("the Declining Offeree") does not accept the Offer or accepts the Offer in respect of part only of the Sale Shares within the Offer Period, the Offeror shall forthwith be obliged to advise in writing all the Offerees who have accepted the Offer ("the Accepting Offerees") thereof ("the Notification"). The Accepting Offerees shall be entitled within 3 (Three) business days after the time of receipt of the Notification to accept the Offer in respect of those Sale Shares offered to the Declining Offeree and not accepted by him ("the Declined Offer") at the price and on the conditions, stated in the Offer, pro rata to the number of Shares owned by the Accepting Offerees or in such other proportions as may be agreed upon between them, and the aforesaid procedure shall be repeated as often as is necessary until all the Sale Shares offered have been acquired or until none of the Accepting Offerees are willing to accept all of the Declined Offer.
- 5.5 If none of the Offerees are willing to accept the Offer then the Offeror shall be entitled, within 7 (Seven) business days after such non-acceptance, to offer in writing ("the Outside Offer") to sell and transfer all of the Sale Shares to any bona fide person ("the Third Party") at a price not lower and on terms not more favourable to the Third Party (including that the whole and not part of the Outside Offer must be accepted) than those at which the Offerees were entitled to purchase the Sale Shares in terms of the Offer.
- 5.6 In the event that the Offeror does not sell his Sale Shares for any reasons in terms of 5.5, the provisions of this clause 5. shall again apply, if the Offeror wishes to sell at any time and and from time to time all or any of his shares.
- 5.7 For the avoidance of any doubt, it is recorded that if any Party does not accept any Offer or Declined Offer, as the case may be, within the time limits stated in this clause 5., such Party shall be deemed to have declined such Offer or Declined Offer.
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6. The Parties undertake in the implementation of this Agreement to observe the utmost good faith and they warrant in their dealings with each other that they shall neither do anything nor refrain from doing anything which might prejudice or detract from the rights, assets or interests of any other(s) of them.

DATED at Cape Town this 5th day of May 1995

AS WITNESSES:

pp ARCHANGELSKGEOLOGIA

1. [Signature]
2. [Signature]

B. [Signature]
who warrants that he is duly authorised hereto.

DATED at Cape Town this 5th day of May 1995

AS WITNESSES:

pp FOURTH INVESTMENTS SA

1. [Signature]
2. [Signature]

[Signature]
who warrants that he is duly authorised hereto.

DATED at Cape Town this 5th day of May 1995

AS WITNESSES:

pp GANDVIKBANK

1. [Signature]
2. [Signature]

[Signature]
who warrants that he is duly authorised hereto.

DATED at Cape Town this 5th day of May 1995

AS WITNESSES:

pp ASSOCIATION OF ENTREPRENEURS

1. [Signature]
2. [Signature]

[Signature]
who warrants that he is duly authorised hereto.

[Signature]