

L.G.C

Leviev Group of Companies

Mr. Mauricio Lazala
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Re: **Comments to Raphael Marques Report**

Mining Activity

Mr. Lev Leviev started his activities in Angola in 1995 by investing nearly 70 million US\$ in share capital, premium and financing in the Catoca diamond mine, today the largest producer of diamonds in Angola. At that time Angola was suffering from a civil war and the Catoca project was about to collapse financially with no one willing to invest in this risky country and in a mine that at that time no one knew it's potential and was located in the heart of the battlefield area.

Today, the Catoca project employs nearly 3,200 people (93.5% Angolans) and is considered as one of the largest contributors to the treasury of Angola with a turnover of 445 million US\$ per year. The activity of the Catoca project, in which the Leviev Group is actively involved, and its commercial and social success revived the diamond industry in Angola and contributed to increase significantly the production of the Angolan diamond industry.

Since then, the Leviev group was involved in 4 additional smaller diamond mines, in the fields of prospecting, exploration and production of diamonds, while the group invests all the capital necessary to develop these projects, which provide working opportunities to hundreds of Angolan workers from the "Lundas" area.

Since the beginning of the activity of the Leviev group till today, the companies in which the group is a shareholder contributed hundreds of millions of US\$ to the treasury of the Angolan government.

Restructuring of the Angolan diamond marketing

By the end of 1999, as per the Angolan Government request, Mr. Leviev initiated and led, together with the Angolan Government, a restructure of the Angolan diamond sector, assisting the Government to stabilize the industry, combat the illicit trade of diamonds, what was denominated "blood diamonds or "conflict diamonds and raising the State revenues from the local diamond industry, in terms of taxes and income from the diamond marketing activities.

The Group became a party in Ascorp, an entity in which Sodiam holds 51%, with the goal of fighting the trade of illegal diamonds and the smuggling of diamonds from Angola. The illegal activity caused a severe damage to the Angolan economy and to its image in the international arena, since it helped to finance the rebel movement it's war against the legitimate Government of Angola.

Ascorp assisted in creating and improving transparency in the Angolan Diamond industry and created methods and tools to combat illicit trade of diamonds and to reduce as much as possible smuggling of diamonds. All that in order to guarantee that diamonds sold by the government are not "blood diamonds".

This activity even got a commendation from the "Kimberly Process".

In 2003, once the civil war over, the Government decided that it was the right time to restructure the diamond marketing system and adjust it to the new reality of peace in Angola. While still controlling the market trough one channel – Sodiam – they created the conditions to act with more than one company to buy artisanal diamonds. Ascorp remained one of the companies active in the purchasing of diamonds in the artisanal market and operates, as a subsidiary of Sodiam, in this area.

Within the changes in the marketing policies, Sodiam has also decided to play a role in the international arena, not only by buying diamonds but also by actively participating in selling them in the main diamond trading centers in the world.

Therefore, in 2004 the Angolan Government established a joint venture with the Leviev Group in the marketing of rough diamonds, creating Sodiam International Ltd, based in Israel. The Company was created to market rough diamonds produced in Angola. Within the frame of this activity, the Leviev Group trained many Angolan workers in sorting and evaluation of diamonds. The activity in this company gave the Angolan diamond sector the opportunity to participate in another step of the diamonds trade and therefore created additional sources of income not to mention the know-how gained.

Polishing Factory – Added value

As an integral part of the strategic cooperation between the Angolan Government and the Leviev Group, Sodiam, the Leviev Group and a consortium of Angolan Companies (Projem) decided to make a significant and revolutionary step in the local diamond sector, by the construction of a polishing factory in Angola.

It is the first time that an entrepreneur comes with an initiative of this kind and magnitude, of creating a new industry in the Angolan territory, and instead of exporting the whole rough material, he decides to take the risk and to cut and polish part of the rough in Angola.

It is the first time that Angolan diamonds are cut and polished by Angolan citizens and this is a real revolution.

The factory in Luanda is the largest diamonds polishing factory in Africa and one of the most modern in the world in terms of state-of-the-art technology.

The factory employs hundreds of workers that were and are being trained by the Leviev Group. Prior to the inauguration of the factory, groups of dozens of Angolan workers were trained in the Leviev Group factories in South Africa and Namibia.

The Leviev group is working together with Sodiam in order to create added value to their resources not to mention the social impacts by creating hundreds of jobs in the Angolan capital, Luanda and the income expected from the polishing activity.

Social Support

The Leviev Group is committed to the Angolan people and contributes to the improvement of the standard of living of the population.

The Group is engaged in the contribution to the community by direct donations to social organizations and social and cultural activities and through its participation in various companies, it makes significant contributions in the fields of nutrition, health, education, running and filtered water and agriculture.

To finalize our comments to the report, we would like to emphasize that human rights, social conditions and working environment of the workers in the diamond industry in the country are the most important issues to the Angolan Government and the State diamond arm "Endiama". Therefore in each and every enterprise that we are partners with Endiama or its subsidiary Sodiam, the most important issue is the human resource and the full protection of the workers rights.

The Leviev Group is proud to participate in the Angolan diamond industry and to cooperate with Endiama Group in bringing prosperity to the Angolan people.

Respectfully,

Leviev Group of Companies