

داماس  
damas L.L.C.

5<sup>th</sup> April 2008

Gunnar S. Sigurdsson  
CEO  
Baugur UK Limited  
Lumina House, 5<sup>th</sup> Floor  
88 New Bond Street  
London W1S 1DA  
UK

Re: Potential Partnership between Damas Jewellery ("Damas") and Aurum Holdings ("Aurum")

Dear Mr. Sigurdsson,

Many thanks to you and your team for visiting our offices in Dubai last week. While you were able to get only a very brief glimpse of our operations, we trust that you have been able to gain a good sense of the value Damas can bring to the jewellery side of Aurum's business. For our part, I would like to reiterate that we feel our two entities have established a very good chemistry during our short association to date - I look forward to being able to build strongly on this in the months and years ahead.

You were open enough to share your expectations on valuation of the Aurum business when we met. As agreed, I am writing to set out the broad parameters of our indicative valuation for the business and the assumptions/terms under which we have arrived at this range.

Based on the information that we have seen till date, we would ascribe an enterprise value to Aurum in the range of GBP160-170 mln. Based on the financials you have indicated to us, this would imply an approximate equity valuation of GBP90-100 mln.

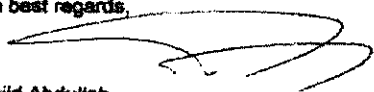
We believe that we could arrive at a valuation at the top end of this range if, following further discussions with Baugur and the relevant management teams at Aurum/Goldsmiths, we come to the conclusion that:

- (i) the operational synergies we would like to bring to the jewellery side of Aurum's business are deemed to be achievable;
- (ii) we are able to achieve a suitable comfort level with the existing management team; and
- (iii) we determine that it is possible for Aurum as a whole to continue to be profitable

In line with Damas' strategy for strategic investments, we would look to achieve a post-investment equity shareholding level of at least 30% in Aurum. We are comfortable with the structure that we discussed last week, i.e. an injection of new money of c. 20% and an acquisition of existing shares to give us a further 10%. We would look to Baugur to help us in achieving the acquisition of existing shares so as to result in the final shareholding level of at least 30%. Further, given that we are strategic investors, we would look to have an appropriate number of Board seats - we believe that 2 appointees out of a total Board strength of the current size, or of a slightly expanded Board, would be appropriate.

I trust that the above is acceptable to you, and look forward to being able to schedule meetings with the management/operational team at Aurum/Goldsmiths in the very near future so that we can progress our discussions.

With best regards,

  
Tamjid Abdullah  
Deputy Managing Director

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Paid up Capital Dh 1421,000,000.

Commercial Registration No. 200444

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