



MINING BUNDLE 03(a)

EXHIBIT XX 2
PETER HENRY BISHOP



**JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE,
CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE**

2nd floor, Hillside House
17 Empire Road,
Parktown
Johannesburg
2193
Tel: (010) 214 to 0651
Email: inquiries@sastatecapture.org.za
Website: www.sastatecapture.org.za

INDEX: MINING BUNDLE 03(a)

#	Description	Bundle Pages
1.	Exhibit XX 2: Bishop, PH	001 to 620



MINING

EXHIBIT XX 2

**PETER HENRY
BISHOP**



**JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE,
CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE**

2nd floor, Hillside House
17 Empire Road,
Parktown
Johannesburg
2193
Tel: (010) 214 to 0651
Email: inquiries@sastatecapture.org.za
Website: www.sastatecapture.org.za

INDEX: EXHIBIT XX 2

#	Description	Bundle Page	Exhibit Pages
1.	Affidavit of Peter Henry Bishop	005 to 071	001 to 067
2.	Affidavit of George Travis John Nicolaai	072 to 079	068 to 075
3.	Annexures to the Affidavit of Peter Henry Bishop	080 to 620	076 to 616
	3.1 Annexure "PHB9" and Annexure "PHB10"	080 to 100	076 to 096
	3.2 Annexure "PHB12"	101 to 111	097 to 107
	3.3 Annexure "PHB13"	112 to 113	108 to 109
	3.4 Annexure "PHB14"	114 to 138	110 to 134
	3.5 Annexure "PHB16"	139 to 141	135 to 137
	3.6 Annexure "PHB17"	142 to 154	138 to 150
	3.7 Annexure "PHB18"	155 to 162	151 to 158
	3.8 Annexure "PHB19"	163 to 164	159 to 160
	3.9 Annexure "PHB20"	165 to 166	161 to 162

#	Description	Bundle Page	Exhibit Pages
	3.10 Annexure "PHB21"	167 to 205	163 to 201
	3. 11Annexure "PHB22"	206 to 207	202 to 203
	3.12 Annexure "PHB23"	208 to 235	204 to 231
	3.13 Annexure "PHB24"	236 to 239	232 to 235
	3.14 Annexure "PHB25"	240 to 243	236 to 239
	3.15 Annexure "PHB26"	244 to 246	240 to 242
	3.16 Annexure "PHB27"	247 to 248	243 to 244
	3.17 Annexure "PHB28(1)"	249 to 250	245 to 246
	3.18 Annexure "PHB28(2)"	251 to 257	247 to 253
	3.19 Annexure "PHB28(3)"	258 to 259	254 to 255
	3.20 Annexure "PHB29"	260 to 267	256 to 263
	3.21 Annexure "PHB30"	268 to 269	264 to 265
	3.22 Annexure "PHB31"	270 to 271	266 to 267
	3.23 Annexure "PHB32(1 & 2)"	272 to 279	268 to 275
	3.24 Annexure "PHB34"	280 to 282	276 to 278
	3.25 Annexure "PHB35"	283 to 305	279 to 301
	3.26 Annexure "PHB36"	306 to 308	302 to 304
	3.27 Annexure "PHB37"	309 to 311	305 to 307
	3.28 Annexure "PHB38"	312 to 326	308 to 322
	3.29 Annexure "PHB40"	327 to 328	323 to 324
	3.30 Annexure "PHB41"	329 to 332	325 to 328
	3.31 Annexure "PHB42"	333 to 337	329 to 333
	3.32 Annexure "PHB43"	338 to 340	334 to 336
	3.33 Annexure "PHB44"	341 to 360	337 to 356
	3.34 Annexure "PHB45"	361 to 362	357 to 358
	3.35 Annexure "PHB46"	363 to 367	359 to 363

#	Description	Bundle Page	Exhibit Pages
	3.36 Annexure "PHB47"	368 to 370	364 to 366
	3.37 Annexure "PHB48"	371 to 538	367 to 534
	3.38 Annexure "PHB49"	539 to 560	535 to 556
	3.39 Annexure "PHB50"	561 to 566	557 to 562
	3.40 Annexure "PHB51"	567 to 578	563 to 574
	3.41 Annexure "PHB52"	579 to 580	575 to 576
	3.42 Annexure "PHB53"	581 to 583	577 to 579
	3.43 Annexure "PHB54"	584 to 593	580 to 589
	3.44 Annexure "PHB55"	594 to 597	590 to 593
	3.45 Annexure "PHB56"	598 to 603	594 to 599
	3.46 Annexure "PHB57"	604 to 613	600 to 609
	3.47 Annexure "PHB58(1)"	614 to 615	610 to 611
	3.48 Annexure "PHB58(2)"	616 to 620	612 to 616

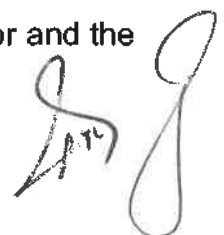
AFFIDAVIT OF PETER HENRY BISHOP

I the undersigned

PETER HENRY BISHOP

declare under oath as follows:

1. I am an adult male and a senior investigator at the Judicial Commission of Inquiry into State Capture, ("**Commission**") proclaimed by the President of the Republic of South Africa.
2. I am duly authorised to depose to this affidavit by virtue of the position held by me at the Commission.
3. The facts deposed to herein are within my personal knowledge, unless the contrary appears, and are to the best of my knowledge and belief, both true and correct.
4. I will attempt to keep my submission brief in order to avoid prolixity and to unnecessarily burden the Commission. I will seek to highlight key aspects and events which demonstrate that there has been state capture of the assets of Alexkor SOC Ltd ("**Alexkor**") and the Alexkor Richtersveld Mining Company Pooling and Sharing Joint Venture ("**PSJV**") by Gupta related entities and persons. In so doing, I will demonstrate that the facts contained in the submission made by a whistle-blower, Mr Gavin Craythorne ("**Craythorne**") fall within the Terms of Reference ("**ToR**") of the Commission.
5. During 2019, Craythorne reached out to the Commission and requested that it use its powers to investigate the allegations of state capture of Alexkor and the



PSJV as set out in ToR 1.1 and 1.6 respectively as follows:

5.1. *“whether, and to what extent and by whom attempts were made through any form of inducement or for any gain of whatsoever nature to influence members of the National Executive (including Deputy Ministers), office bearers and /or functionaries employed by or office bearers of any state institution or organ of state or directors of the boards of SOE's...”*; and

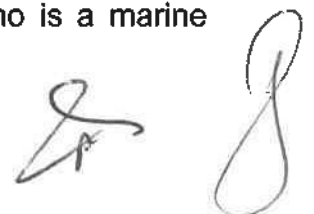
5.2. *“whether there were any irregularities, undue enrichment, corruption and undue influence in the awarding of contracts, mining licenses, government advertising in the New Age Newspaper and any other governmental services in the business dealings of the Gupta family with government departments and SOE's.”*

6. Based on the information received from Craythorne, the Commission authorised an investigation into the averments made by him. Craythorne prepared a detailed affidavit (**Annexure PHB 1**) as part of his submission, which has been further refined in consultation with the investigators and evidence leaders at the Commission to ensure that it was within the terms of reference of the Commission. This further submission has been separately made available to the Chairperson of the Commission.

7. Craythorne’s submission is supported by:

7.1. a forensic investigation conducted by Gobodo Forensic Investigating Audit (Pty) Ltd (“**Gobodo**”) that was authorised by the Department of Public Enterprises (“**DPE**”), whose report (**Annexure PHB 2**) was finalised in October 2019;

7.2. an affidavit of Mr George Travis Nicolaai (“**Nicolaai**”), who is a marine



diamond contractor (Diver) and became a whistle-blower with Craythorne, **(Annexure PHB 3)**;

7.3. an affidavit by Mr Martinus Mamphenyane Mononela ("**Mononela**"), **(Annexure PHB 4)**, who is a General Manager Legal Services at the South African Diamond and Precious Metals Regulator ("**SADPMR**"); and

7.4. an affidavit by Mr Jakob Jan Dekker ("**Dekker**"), **(Annexure PHB 5)**, who is employed by the Commission as a Forensic Accountant. He is a qualified Chartered Accountant registered with SAICA, a Registered Auditor registered with IRBA and an associate member of the Institute of Certified Fraud Practitioners ("**ICFP**"). As part of the Commission's investigating team, Dekker was requested to perform an analysis of the business and trading activities of Alexkor, the PSJV between Alexkor and the Richtersveld Mining Company (Pty) Ltd, ("**RMC**"), and Scarlet Sky Investments 60 (Pty) Ltd ("**SSI**"), who in 2018 changed its name to Alexander Bay Diamond Company (Pty) Ltd ("**ABDC**").

8. The DPE also Commissioned Fundunzi Forensics ("**Fundunzi**") to conduct an investigation in 2018 into numerous allegations levelled against the DPE **(Annexure PHB 6)**. One of the allegations investigated was the appointment of Mr Trevern Haasbroek ("**Haasbroek**") as a non-executive director to the Alexkor Board by former Minister Lynn Brown ("**Brown**").

9. The Chief Executive Officer of the PSJV, Mr Mervyn Cartstens ("**Carstens**"), requested and contracted James Allan ("**Allan**") to conduct an independent review and audit of the process from sourcing (mining) the diamonds through to the sale point. This report, **(Annexure PHB 7)**, which was finalised on 29 May 2019, was apparently requested as a result of:

Two handwritten signatures in black ink, one on the left and one on the right, appearing to be initials or names.

9.1. *“negative press publicity regarding the awarding of the tender process to a Tender House [Scarlett Sky Investments 60 (Pty) Ltd] that had a politically connected individual [Kuben Moodley] as the BEE partner. This individual was linked to the Minister of Mineral Resources [Mr Mosebenzi Joseph Zwane] and an associate in the Gupta State Capture Project;”*

9.2. *“Ongoing negative publicity on the prices achieved for diamonds sold on the tender by the Alexcor/RMC PSJV”;*

9.3. *“A desire by management to find improvements in the process in order to improve the sustainability for the benefit of Alexcor/RMC PSJV and contractors alike”.*

10. These reports will be placed separately before the Commission.

THE JOINT SHARING AND POOLING JOINT VENTURE BETWEEN THE RICHTERSVELD COMMUNITY AND ALEXKOR.

11. Alexkor is a Schedule 2 public entity, incorporated in 1992 in terms of the Alexkor Limited Act No.116 of 1992 [Assented to 2 July 1992] [Date of Commencement: 2 November 1992] and trading as Alexkor Limited. The government of South Africa, through the Minister of Public Enterprises, is the sole shareholder of Alexcor.

12. The Department of Public Enterprises is the shareholder representative of Alexkor and exercises oversight on behalf of the South African Government.

13. The PSJV is an unincorporated company acting on behalf of the Alexkor and RMC which manages the mining operations which exploit the pooled land and



marine diamond mining rights of Richtersveld Mining Company (“**RMC**”) (a company formed to represent the interests of the Richtersveld community and Alexkor.

14. The PSJV was established in April 2011 pursuant to a Deed of Settlement concluded with the Richtersveld community in 2007, following a successful land claim instituted by them. According to the 2010 Annual report, in terms of the Deed of Settlement entered into between Alexkor, the Richtersveld Community and the Government of the Republic of South Africa on 22 April 2007 (“**Deed of Settlement**”), the land mining rights were transferred to the Richtersveld Community, with Alexkor retaining its marine mining rights. In terms of the Deed of Settlement:

14.1. Alexkor’s marine mining rights and RMC’s land mining rights have been pooled to form the Alexkor-RMC Pooling and Sharing Joint Venture (“**PSJV**”), which commenced operations on 7 April 2011; and

14.2. Alexkor acquired a 51% interest in the PSJV and RMC acquired the remaining 49% in the PSJV.

15. The PSJV has its own board, but the chair is always the chair of Alexkor. The CEO of the PSJV reports to the CEO of Alexkor.

16. The PSJV concludes marine mining contracts on behalf of Alexkor and land mining contracts on behalf of RMC. The PSJV’s mining operations are sub-contracted to a number of private contractors who operate in the region.

17. Craythorne is a founding member and office bearer of the Equitable Access Campaign (“**EAC**”), being an association of small-scale black-owned and black empowered marine mining companies (“**the Emerging BEE Marine Diamond**

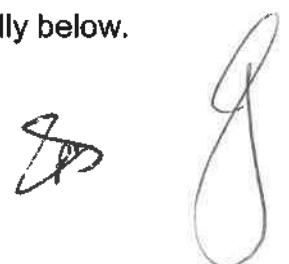


Miners”), who are or were subcontracted to the PSJV to exploit its marine diamond rights.

18. Following the introduction of Scarlett Sky Investments 60 (Pty)Ltd (“**SSI**”), a hitherto dormant company with no diamond licence or track record in the diamond industry, to exclusively market and sell all of the diamonds produced by the PSJV, complaints have been made by the contractors, including Craythorne, about the flawed tender process pursuant to which SSI was appointed and the steadily reducing prices achieved by SSI for the diamonds mined by them. Complaints have also be raised by Craythorne about the proposed plans of Alexkor to diversify into the coal industry for the purpose of supplying coal to Eskom. This would obviously exclude the Richtersveld community from the business of Alexkor as its joint venture with Alexkor is only limited to its diamond assets.

THE STATE CAPTURE OF ALEXKOR

19. Allegations have been made by Craythorne that Alexkor has always been captured through the sales/marketing of the its diamonds and that this has occurred long before 1994, (**Annexure PHB 1**). However, for purposes of this affidavit, I will only focus on allegations relating to the state capture of Alexkor by Gupta associated entities, persons and networks, with the assistance of the directors of Alexkor, in keeping with the ToR of the Commission.
20. The Commission’s investigating team has conducted its own investigations into the links between the role players alleged to have been part of the Alexkor state capture project and the Guptas and/or their associates. The results of these investigations reveal that there was an orchestrated plan of state capture of Alexkor and the PSJV, which I will attempt to set out chronologically below.



21. From our analysis and investigations, it is apparent that the aim was to both:
- 21.1. implement a plan to diversify its mining operations to include coal and lime mining in order to supply coal to Eskom pursuant to contracts from which Gupta entities and associates could benefit; and
 - 21.2. take control of the proceeds of the sale of its diamonds.
22. We found that the same *repurposing modus operandi* described by the State Capacity Research Project in its analysis of the capture and exploitation of State Owned Enterprises (“SOEs”) which was used by the Guptas and their associates to capture SOE’s, was employed by them, with the assistance of appointed Ministers of Public Enterprises, including former Minister Malusi Gigaba (“Gigaba”) and former Minister, Lynn Brown (“Brown”) and others, to capture Alexkor.
23. In their report, *Betrayal of the Promise¹: How the Nation is Being Stolen, May 2017*, the researchers explain that the *modus operandi* adopted entails four steps described below:
- 23.1. “A new minister changes the board composition of a SOE.” In the case of Alexkor, former Ministers Gigaba and Brown changed the board when they took office;
 - 23.2. “The SOE announces a major new acquisition or build project.” Minister Gigaba announced the new strategic direction for Alexkor, a diamond mining concern, to diversify into the production of coal and lime to supply Eskom;

¹ Bhorat, H., Buthelezi, M., Chipkin, I., Duma, S., Mondli, L., Peter, C. and Swilling, M., 2017. *Betrayal of the Promise: How South Africa is Being Stolen*. State Capacity Research Project.



23.3. *“People are brought on to the board who are either strongly in favour of radical economic transformation and/or have close personal links to some of the bidders.”; and*

23.4. *“The tender is awarded in circumstances where there is a clear conflict of interest.”* This was evident in the appointment of Regiments Capital (Pty Ltd (**“Regiments”**)) to deal with the coal and lime strategy and SSI to control the valuation, sale, beneficiation and marketing of the diamonds of Alexkor”.

24. I now deal with the key persons and entities involved and process that unfolded at Alexkor.

KEY PERSONS AND ENTITIES

25. The Commission’s investigation into activities of state capture at Alexkor has identified the following key persons, who had/have links to the Guptas and/or their associates, who were complicit in implementing the aforementioned steps and setting the wheels of state capture in motion:

25.1. Gigaba, in his capacity as Minister of the DPE;

25.2. Brown, in her role as Minister of the DPE;

25.3. The former Executive Personal Assistant to Brown, Ms Kim Davids (**“Davids”**);

25.4. The Chairperson of the Alexkor and PSJV Board, Mr Rafique Bagus (**“Bagus”**);

25.5. The Chairperson of the Alexkor and PSJV Board, Ms Hantsi Matseke



(**"Matseke"**);

25.6. The Non-Executive Director of the Alexcor Board, Trevern Haasbroek (**"Haasbroek"**);

25.7. The Chief Executive Officer of Alexkor, Mr Percy Khoza (**"Khoza"**);

25.8. The Chief Executive Officer of the PSJV Board, Mr Mervyn Carstens (**"Carstens"**);

25.9. The Chief Legal Officer of Alexkor, Ms Zarina Kellerman (**"Kellerman"**);

25.10. Duncan Korabie (**"Korabie"**), who in 2014, was accepted by Alexkor as one of the independent RMC directors representing the community on the board of the joint-venture and a member of the Technical Committee of Alexcor that evaluated and scored the respective bidders in the exclusive marketing and sales contract to SSI;

25.11. Daniel Mark Nathan (**"Nathan"**) and Kubentheran Moodley (**"Moodley"**). According to the Confidential Tender Proposal No RFP 03/14, (**Annexure PHB 8**) submitted by SSI, the Directors of SSI, according to enclosed CIPC documents, were Nathan and Moodley. The Group structure organogram for SSI indicated that:

25.11.1. Daniel Nathan Trading CC (**"DNT"**), whose sole shareholder and director is Nathan, performed the function of Executive Management of SSI;

25.11.2. Kimomode (Pty) Ltd (**"Kimomode"**), whose sole shareholder and director is Moodley, was the majority Broad Based Economic Empowerment (BBEE) partner (60%); and



25.11.3. Integrated Capital Management (“**ICM**”) whose purported directors are Mark Chipkin (“**Chipkin**”), Stanley Shane (“**Shane**”), Mark Angel (“**Angel**”) and Selwyn Nathan (Nathan’s father), was responsible for the Administration and Finance of SSI. Selwyn Nathan does not appear as a director from the CIPC documents relating to ICM. He is, however, reflected as a director in ICM’s letterheads (**Annexure PHB 9**) and on a lease agreement between ICM and Trillian Capital (“**Trillian**”), (**Annexure PHB 10**); and

25.12. Mr Erick Wood (“**Wood**”), who was the Executive Director of Regiments for nearly 12 years, after which he joined Trillian as its Chief Executive Officer.

26. The entities utilised and/or involved are/were:

26.1. SSI, which has changed its name to ABDC;

26.2. DNT;

26.3. ICM; and

26.4. Regiments.

Two handwritten signatures in black ink are located in the bottom right corner of the page. The first signature is a stylized, cursive 'E' with a horizontal stroke, and the second is a large, flowing cursive 'S'.

THE TIME LINE OF EVENTS WHICH CONTRIBUTED TO THE STATE CAPTURE OF ALEXCOR

2010

The Appointment of Minister Malusi Gigaba as Minister of the Department of Public Enterprises

27. President Jacob Zuma (“**the former President**”) appointed Gigaba as Minister of Public Enterprises on 1 November 2010. He served in this position until 2014, when he was appointed Minister of Home Affairs. In the report, *Betrayal of the Promise: How the Nation is Being Stolen, May 2017*², the authors state that throughout his tenure as public enterprises Minister until 2014, Gigaba was engaged in the restructuring of SOE boards, which became broadly representative of ‘Gupta-Zuma’ interests.
28. In an article by Kyle Cowan, Graeme Hosken, Sikonathi Mantshantsha and Genevieve Quinta³, it stated that:

“Finance Minister Malusi Gigaba, while he was public enterprises minister, and his successor, Lynne Brown, peppered state-owned companies with Gupta family associates, leaked e-mails show. The e-mails have trained the spotlight on Gigaba’s role — whether witting or unwitting — in the capture of the state during his tenure at the Department of Public Enterprises. They also appear to add credence to a report by the Public Affairs Research Institute (Pari), released before the e-mail leaks, that painted Gigaba as a central player in state capture...”

² Bhorat, H., Buthelezi, M., Chipkin, I., Duma, S., Mondli, L., Peter, C. and Swilling, M., 2017. *Betrayal of the Promise: How South Africa is Being Stolen*. State Capacity Research Project

³ Kyle Cowan, Graeme Hosken, Sikonathi Mantshantsha and Genevieve Quinta I published on 06 June 2017 - 20:52



"A regular presence in the Gupta linkages to the directors was their associate Salim Essa..."

2012

Carstens appointed as the CEO of the Alexkor PSJV: August 2012

29. According to the Alexkor audited Annual Financial Report, 2012, it was announced that Carstens was appointed by the PSJV Board in August 2012 as Managing Director of the PSJV, following a recruitment process for the position Chief Executive Officer.
30. In a Question for Written Reply (Question No: 1200) to the DPE, Republic of South Africa National Assembly, it was stated that Carstens was a seasoned Mining Executive with over 30 years' experience in the mining industry, which included working for De Beers, Anglo American and Trans Hex, the relevance of which has been dealt with by Craythorne.
31. Carstens played an important part in the irregular appointment of SSI as the sole marketing and sales agent for the PSJV dealt with below.
32. On examining the cell phone records for Carstens, we noted at least 107 calls made by him to Gupta associates:
 - 32.1. Moodley - Carstens was in contact with Moodley approximately 97 times between the periods 2015/09/12 to 2017/05/10. It must be noted that Moodley resigned as a director of SSI on 04 November 2015; and
 - 32.2. Shane – Carstens was in contact with Shane approximately 10 times between the periods 2016/02/16 to 2016/07/10.

Two handwritten signatures in black ink are located at the bottom right of the page. The first signature is a stylized, cursive mark, and the second is a more prominent, looped signature.

Suspicious Vehicle Payments

33. Analysis of Carstens bank statements by Dekker, (**Annexure PHB 11 (1-4)**) revealed that he had made settlements on two Land Rover Discovery 4 vehicles and one Range Rover, which totalled R3.3m over three years. These payments did not come from the bank accounts the Commission has for him. It would appear as if settlements were made during the following periods: August/Sept 2014, Oct 2015 and August 2016. It is also not clear if the settlement amounts were cash transfers or cash payments. The Commission is still awaiting further bank records that have been requested via summons.

Gigaba announces new Alexkor Board and Chairperson: 7 September 2012

34. In the Government Media statement dated 7 September 2012; *“Media Address by Mr. Malusi Gigaba MP, Minister of Public Enterprises, on the occasion of the Annual General Meeting (AGM) of the Board of Directors of ALEXKOR in Tshwane,”* it is stated that.

“...Our annual review of the Board has necessitated that we rotate the Board and include new skills’ sets and expertise to give impetus to the new strategic direction that the Shareholder wants ALEXKOR to take...”

“In this regard, I have appointed, Mr Rafique Bagus as Chairperson of the new Board who will be assisted by Ms Gillian Nonhlanhla Jiyane, Dr Yvonne Nono Mohutsioa-Mathabathe, Ms Zukiswa Ntlangula, and Mr Mohammed Bhabha. I have given the new Board the responsibility to fill the vacancies of CEO and CFO forthwith, by no later than the next 3 months.”

Bagus appointed as new Chairperson of the Board of Alexkor: 7 September 2012

35. Key to these appointments was Bagus, the new Chairperson of the Board of Alexkor. Bagus was previously the Chief Executive of Trade and Investment



South Africa, Deputy Director-General of the Department of Trade and Industry and special adviser to Alec Erwin when he was the Public Enterprises Minister.

36. Bagus did not waste any time commencing with the new strategic direction (diversification into coal mining) announced by Gigaba. Below is an excerpt from Bagus' foreword to Alexkor's 2013 Annual report appearing, **(Annexure PHB 12)**

"Halfway through the 2012/13 financial year the new Alexkor board took office, facing challenging circumstances. We were confronted with some stark realities from a business with significant economic challenges. Our new strategy is a radical departure from the past to transform Alexkor into a diversified mining company that will ensure the long-term sustainability of our mining operations. The strategy embraces four key elements, namely:

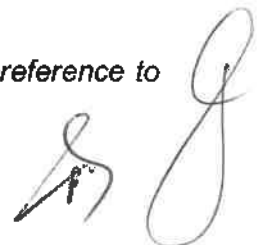
- *Unlocking value from the PSJV;*
- *Extract value from African diamond mining opportunities;*
- *Utilise Alexkor's core mining capability to supply coal to Eskom and reduce their coal supply risk; and*
- *Develop lime resources to supply Eskom.*

The Alexkor board has been given the mandate to qualify and quantify mining opportunities for investment consideration. An immediate and urgent opportunity exists to focus on securing thermal coal supply for power generation.

Eskom faces a critical and significant shortfall in strategic coal supply that will jeopardise efforts to ensure energy supply to our industries.

We can significantly contribute to the development of new coal supply sources by utilising mining methods, processes, technologies and skills that are well within our current core capability.

Eskom will have to ensure that new mines are opened with a preference to

Two handwritten signatures in black ink, one smaller and one larger, positioned at the bottom right of the page.

procure coal from emerging black miners.

Alexkor's diversification strategy supports these initiatives that will broaden economic participation, secure employment, stimulate local investment, and unlock underutilised resources. We will provide market access and mining expertise to emerging black miners that will create significant economic value for local communities.

Various emerging black miners expressed interest to partner with Alexkor in developing coal opportunities. We believe that these opportunities will create a viable second tier mining industry in South Africa.

High grade limestone supply to Eskom is critical for flue gas desulphurisation operations. We are in the process of developing a strategic lime business case to supply Eskom and will report on this progress shortly.

During the next financial year, we will focus on building and expanding strategic relationships with sister state-owned corporations and in particular Eskom and Transnet.

We will also engage the Department of Mineral Resources (DMR) and the state-owned mining company to coordinate coal mining efforts and secure their support of our strategy.

We are also in the process of negotiating better prices for our rough diamonds, which will have a positive impact on future revenues.

We have appointed Mr Percival Khoza, one of the leading mining executives in South Africa, to champion the future growth of Alexkor. His vast knowledge and experience in gold, diamond and coal mining is of immense benefit to the executive team.

The credibility of our current management team provides Alexkor with the ability to attract the best skills from the mining industry to fill critical positions. We have finalised the team which will add more than 60 years of mining experience to the executive.



A special word of thanks to Honourable Minister Malusi Gigaba, whose powerful vision of the future and insightful guidance and support is of huge value to Alexkor."

37. On examining the cell phone records for Bagus, we noted that he made telephonic contact with the Gupta brothers and their associates as follows:

37.1. Iqbal Sharma ("**Sharma**") approximately 60 times between the periods 2008/04/28 to 2013/02/20. Sharma - according to #GuptaLeaks dated 23 Mar 2018: "*The great train robbery Part 2 - The choo-choo switcheroo*" then previous "*chair of Transnet's Board Acquisition and Disposal Committee. Sharma, readily admits a previous friendship with Gupta lieutenant Salim Essa and a range of business ties with the Guptas before they fell out, has denied wrongdoing*";

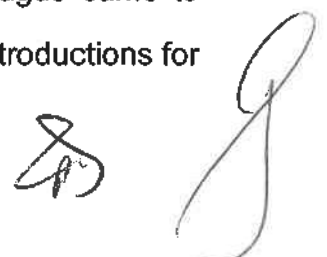
37.2. Ashu Chawla ("**Ashu**") approximately 8 times between the periods 2008/04/28 to 2013/03/18;

37.3. Ajay Gupta ("**Ajay**") approximately 26 times between the periods 2015/07/18 to 2016/03/18; and

37.4. Rajesh (Tony) Gupta ("**Tony**") approximately 7 times between the periods 2015/05/27 to 2016/03/17.

38. Bagus attended the Sun City Gupta wedding and stayed in room 1205 from 30/4/2013 to 2/5/2013 (departed 3/5/2013) with another adult. This was at the same time he was Chairman of the Alexkor Board appointed by former Minister Gigaba.

39. According to an Amabhungane article, (**Annexure PHB 13**), Bagus came to public attention in 2011 when he was linked to making political introductions for

Two handwritten signatures in black ink are located at the bottom right of the page. The signature on the left is a stylized, cursive mark, and the signature on the right is a more fluid, looped cursive mark.

Uruguayan businessman, Gaston Savoi, who is still battling corruption charges relating to government tender awards, which have been dealt in the evidence of Mr. Trevor White and Colonel Piet Du Plooy before the Commission. Bagus has also featured during evidence led at the Commission in relation to the South African Airways (SAA) and in numerous media articles concerning state capture and corruption.

40. He was also instrumental in his capacity as Chairman of the Alexkor and the Alexkor PSJV Board in awarding the tender to SSI, granting it the exclusive rights to market and sell the diamonds produced by the PSJV.

2013

Khoza appointed CEO of Alexkor: 4 March 2013

41. On 7 September 2012, at a Special General Meeting with the newly appointed Board, Gigaba mandated the newly appointed Board to prioritise the recruitment of a new CEO and ensure that the matter was finalised within three months. Within two months, on 15 November 2012, the Board provided the Deputy Minister with a submission on recruitment of a new CEO. The Department confirmed that the submission met the requirements of the CEO Appointment Guidelines.
42. On 4 March 2013, Khoza was appointed as Chief Executive Officer of Alexkor. Prior to this, he was a General Manager at Optimum Colliery, and was clearly recruited in order to pursue Gigaba's agenda to diversify into coal.
43. It is important to note that Tegeta's purchase of the Optimum Coal Mine was the subject matter of the Public Protector's State of Capture Report.



44. In an Amabhungane article dated 13 December 2017, (**Annexure PHB13**), it stated that:

“The chief executive of Alexkor was Percy Khoza, a seasoned mining executive with both diamond and coal experience. He was hired, in part, to pursue the “coal strategy” approved by Gigaba.”

New strategy announced to diversify into coal mining: 13 September 2013

45. During a media announcement it was stated that the Minister of Public Enterprises, Gigaba, would unveil Alexkor’s new strategy on 13 September 2013 at the Sheraton Hotel in Pretoria. This announcement related to the re-positioning of Alexkor’s business into the coal mining business in order to supply Eskom with coal and lime.
46. However, the announcement⁴ was made by the Deputy Minister, Bulelani Magwanishe (“**Magwanishe**”), who stated the following:

“...I’m pleased to announce today, that the board has responded with a game changing strategy that has a well-crafted compelling value proposition that puts/positions Alexkor as a world-class mining company with aspirations to respond to the immediate needs of the country.

Our own analysis shows that Eskom will start experiencing coal supply shortages by 2018. The state has to move fast to avert an energy crisis. Electing to enter coal mining, will fundamentally change the value proposition of Alexkor to the people of South Africa.

Alexkor’s new strategy provides the state with a significant lever in engaging with coal majors, who are mainly multinationals, with a narrow responsibility to the country’s economy. Alexkor is expected to be a vanguard for transformation

4 Address by Deputy Minister Bulelani Magwanishe, MP, on the occasion of the Alexkor Post Annual General Meeting media briefing in Tshwane 13 Sep 2013



in the coal mining sector, as the government's call for transformation in the sector has effectively gone unheeded.

Black emerging miners are still battling to gain a footing in the sector. Alexkor will partner emerging black, women, youth-owned miners through offering the necessary technical and business expertise to enable graduation of these miners from emerging to established, realising the objectives of the Eskom Emerging Miners Strategy, which as a department we have championed.

The repositioning of Alexkor satisfies another policy imperative. The Minister of Public Enterprises mentioned during his 2013 Budget Vote speech: the push for SOC-to-SOC collaborations. A year ago an Alexkor-Eskom collaboration at such a strategic level was inconceivable.

Now we are at the threshold of shaping the future of this country; and Alexkor is on the verge of finding its place into South Africa's future sustainable growth story.

Alexkor is also looking at high grade limestone supply to assist Eskom with its flue gas desulphurisation plants, and transportation cost is a major component of the price of burnt lime and leveraging SOC infrastructure will provide a cost advantage. The company's diversification strategy will ensure that it explore mining opportunities on the African continent. Let me hasten to state that the new strategy is not going to be liked by all, in particular, by those in the private sector.

We must expect opposition, challenges and pushback by those who will see the strategy as a threat to their long entrenched positions. We must not be fazed by such; our agenda is bigger than those forces.

Ours is not to reinforce Alexkor's commercial bottom-line, but to secure the future of this country and to ensure that the sector is finally transformed. I want to urge the Board to ensure that all governance processes to drive this strategy are put in place and are followed through. We will ensure that legally, we are on solid ground by soliciting opinions of relevant authorities. There will be a plan that executive management will follow in rolling out the strategy..."



47. In an article in the Cape Times dated 16 September 2013, it was stated that:

“...in a separate submission to the Portfolio Committee on Mineral Resources Meeting on Friday, Eskom's Kannan Lakmeharan proposed that the state-owned African Exploration Mining and Finance Corporation (“AEMFC”) and Alexkor could contribute to the long-term security of low-cost coal supplies,”

to which Magwanishe agreed.

48. The Business Day reported on 16 September 2013 that Alexkor, which does not yet have any coal prospecting or mining properties, appears to be duplicating the mandate of state-owned coal mining company, AEMFC, which is producing coal for Eskom from the Vlakfontein mine near Witbank, and plans expansions.

49. Answering questions at a press briefing after Alexkor's Annual General Meeting in Pretoria, Magwanishe said there was no potential conflict between Alexkor and African Exploration.

50. In the audited Annual Financial Reports for 2013, (**Annexure PHB 12**), it was confirmed that Alexkor's new coal strategy was a radical departure from the past to transform Alexkor into a diversified mining company that would ensure the long-term sustainability of mining operations. The strategy outlined embraced four key elements, namely:

50.1. *Unlocking value from the PSJV;*

50.2. *Extracting value from African diamond mining opportunities;*

50.3. *Utilising Alexkor's core mining capability to supply coal to Eskom and reduce their coal supply risk; and*

50.4. *Developing lime resources to supply Eskom.*

Two handwritten signatures in black ink are located in the bottom right corner of the page. The first signature is a stylized, cursive 'S' with a small 'A' underneath it. The second signature is a large, flowing cursive 'S'.

Kellerman appointed Chief Legal Officer of Alexkor 1 October 2013

51. Kellerman was appointed on 1 October 2013 as the Chief Legal Officer of Alexcor. Kellerman resigned from Alexkor in 2 November 2015.
52. Whilst Kellerman was the Chief Legal Officer of Alexkor, SSI won a contract to be the sole agent to sell and market Alexkor's diamond production. SSI had no diamond license and Moodley, the majority 60% shareholder in SSI, had no diamond industry background.
53. On examining Kellersman's cell phone records related to her time at Alexkor, the following was noted:
- 53.1. 479 calls to Moodley with a total call duration of 24,112 minutes for the period 2015/08/08 to 2018/04/13;
- 53.2. 23 calls to Zwane with a total call duration of 1 492 minutes for the period 2015/12/09 to 2016/04/25. Noteworthy is that Kellerman was in contact with the Minister shortly after she resigned from Alexkor on 2 November 2015.
54. When Bagus departed and the new board was appointed by Brown in August 2015, Kellerman resigned from Alexkor, and was appointed as the secretary to Zwane's inter-ministerial committee inquiry into banks' withdrawal of services to the Gupta group.
55. After Kellerman resigned from Alexcor on 2 November 2015, she was appointed as an adviser to the Minister of Mineral Resources, Mosebenzi Zwane ("Zwane") from April 2016 to March 2018. She later emerged as the secretary to Zwane's so-called Inter-Ministerial Committee Inquiry into the closure of the Gupta bank accounts.

Two handwritten signatures in black ink are located at the bottom right of the page. The signature on the left is a stylized, cursive 'S' with a small crossbar. The signature on the right is a large, looped cursive 'J'.

56. Kellerman told Amabhungane:

“After my resignation [from Alexkor], I met with the new chairperson who asked me to reconsider. Whilst I was giving thought to this request, late in September 2015, I received a call from Kuben Moodley, who I had met through the [Scarlet Sky] negotiations, who asked if I would be interested in interviewing for a position as an advisor to the newly appointed minister of mineral resources [Zwane]... However, I only officially joined the minister’s team in April 2016. “As the minister’s advisor, with company secretarial and corporate governance experience, I assisted as the secretary to the [interministerial committee]. There is nothing sinister about this.”

57. Significantly, shortly after the announcement by Gigaba that Alexkor would be expanding into the coal business to supply Eskom, well documented Gupta linked entities and persons, Regiments and Wood, started engaging with Alexkor. This is evident in the email exchanges between Kellerman), Khoza, Regiments directors and Wood discovered during the course of our investigations dealt with below.

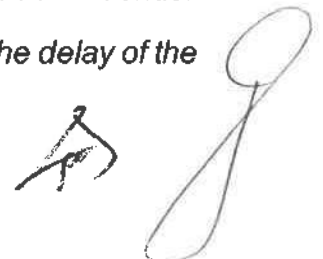
Wood and Regiments

58. According the State of Capture Report No 6 of 2016/17 by the Public Protector, Wood was an executive director of Regiments for nearly 12 years until February 2016 when he joined Trillian as its Chief Operating Officer.

59. According to the founding affidavit of Wood, Regiments was registered and incorporated in 2004, at which time, Regiments had six directors. While it is itself an operator in the financial-services sector, Regiments’ functioned primarily as a holding company; it holds shares in a considerable number of both trading entities and investment companies.



60. On 28 February 2016, Wood left Regiments and was appointed as a director for all Trillian companies and subsidiaries on 1 March 2016. Essa, a close associate of the Gupta family, was appointed as a director of Trillian Holdings (Pty) Ltd on 28 August 2015 and became the controlling shareholder in September 2015.
61. In a document by Organisation Undoing Tax Abuse (“OUTA”), *“No room to hide: A President caught in the act”*, it was reported that the advisory services company, Regiments—whose executive director, and 32% shareholder, Wood, a business associate of the Guptas and Essa, earned hundreds of millions of Rands in service fees from Transnet. It was stated further that Trillian Capital Partners – a company in which Essa holds a 60% stake and Wood a 25% stake, and to which Wood took the financial advisory business he had previously conducted in the name of Regiments, has since late 2015, earned more than a hundred million rand in service fees from Transnet.
62. It thus came of no surprise when Regiments was requested by Alexkor to assist it in preparing the Alexkor Financial Services Panel Request for Proposal (RFP), Evaluation sheet and a sample advert for a RFP for appointment to the panel of financial services providers for Alexkor. When Alexkor advertised the tender, Regiments prepared and then submitted their own proposal, which was totally irregular. According to **(Annexure PHB 14)**, *“The appointment of Alexkor SOC Ltd Legal and Financial Panel of Advisers. Presentation to the Tender Committee 17 June 2014”*, it seems Regiments could have been successfully nominated with a number of other bidders to the financial adviser’s panel. However, it is not clear from the said presentation document if they were in fact appointed. According to the Alexkor Board minutes dated 21 August 2014 **(Annexure PHB 15)**, it was decided and agreed to place a moratorium on tenders for the legal and financial panel of advisers, i.e. *“Resolution Number 04/11/14 - Tender Committee/2 RESOLVED that: The Tender Committee approved the delay of the*

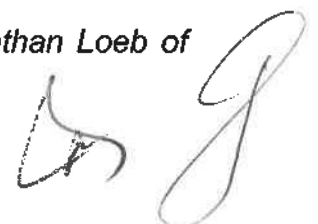
Handwritten signature and scribble in the bottom right corner of the page.

tenders for the Legal and Financial Panels, subject to the Board approval and “prospective interested” tenders must be advised accordingly.”

63. Unfortunately, there is no further information available from Alexkor in the above regard.
64. In the counter application against Capitec heard in the High Court of South Africa, Gauteng Local Division, Johannesburg, Case Number 24805/2017, the Court stated that the value to the Guptas of having a party like the Regiments advising organs of state was self-evident; because Regiments was beholden to the Guptas, they could be depended upon to furnish whatever advice the Guptas wanted them to furnish to organs of state. A good example was the Guptas’ purchase of the Optimum Coal Mine through Tegeta resources and Exploration (Pty) Ltd, with the assistance of Eskom.
65. The Court further found that in turn, Regiments would launder hundreds of millions of rands of public funds for the Gupta family, by paying the bulk of the fees that they were paid from public funds to Gupta front companies which, in turn, would launder them through other entities until the funds finally made their way into offshore Gupta accounts. The money laundering payments made by Regiments were euphemistically described in Regiments’ records and books of accounts as *“business development” fees.*

Non-Disclosure Agreement between Regiments and Alexkor : 3 October 2013

- 65.1. On 1 October 2013, a few weeks after the announcement by the Deputy Minister of DPE of the new strategy for Alexkor to supply Eskom with coal, Khoza, the CEO of Alexkor, received an email, (CN-023039483 Email from Mr Jonathan Loeb (“Loeb”) to Khoza (**Annexure PHB 16**), with subject line-*“Alexkor Regiments NDA, from Mr Jonathan Loeb of*



Regiments Capital (Pty) Ltd (Loeb) and Head of Corporate Finance”, which was copied to Wood of Regiments and Tewodros Gebreselasie (“Gebreselasie”), the Senior Economic Adviser at Regiments.

“Hi Percy

It was good to meet you earlier. Please see attached for your review a draft NDA [Non-Disclosure Agreement] between Regiments and Alexkor. Please distribute to your team as I did not receive email addresses. If you’re comfortable with the document as is, please fill in the blank spaces, sign and scan back to me for counter-signature. Should you have any comments or proposed edits, please mark these up on the document. Once finalised, we would be in a position to receive and review the master coal supply agreement.

Thanks and kind regards

Jonathan.”

- 65.2. On the same day, Khoza forwarded the email with the attached NDA to Kellerman.
- 65.3. On 3 October 2013, Kellerman sent an email, (CN-023039483 Email from Kellerman to Loeb (**Annexure PHB 16**), which was copied to Wood, Khoza and Gebreselasie, relating to the same email in which she wrote the following:

“Hi Jonathan,

Any news on the amended NDA? I would like to send you the Eskom Master Supply in advance, on your word of course that you would keep its contents confidential.

Thanks



Zarina.”

65.4. Kellerman emailed the Eskom Master Coal Agreement between Alexkor and Eskom to Woods, Loeb, and Gebreselasie and copied Khoza.

65.5. On the same date, 3 October 2013, Loeb responded to Kellerman via email, (**Annexure PHB 16**)⁵ copying the same persons copied earlier, stating:

“Hello Zarina

Thanks for the email and amended NDA. I'm comfortable with the edits – please see attached a signed PDF copy. Please sign and return a copy to us. Thanks also for the Master Supply Agreement; which will of course be treated as confidential.

Kind regards

Jonathan.”

65.6. On 3 October 2013, the NDA was signed by both parties (**Annexure PHB 17**)⁶. Importantly, the NDA states in paragraph 2 sub- paragraph 2.1 on page 3 that:

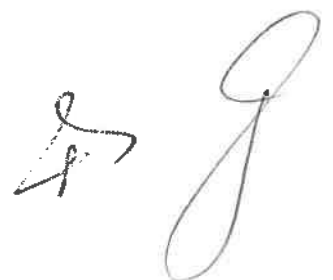
“The parties are in discussion regarding the potential provision of financial and advisory and other services to Alexkor by Regiments.”

Legal opinion sought regarding competition issues arising from proposed co-operation agreement between Alexkor and Eskom

66. On 11 October 2013, Mr D Walker of Werksmans Attorneys (“Walker”), sent a

5 CN-023039483 e mail from Loeb to Kellerman

6 CN-023039484, signed NDA between Regiments and Alexkor



letter to Kellerman (**Annexure PHB 18**)⁷. Werksmans had been asked to provide an initial high level view on any key procurement and competition issues that should be considered by Alexkor and Eskom when finalising their Co-operation Agreement. When considering such issues, Werksmans were requested to take into account the fact that Alexkor's ultimate objective was to secure the ability to supply to Eskom approximately 20% of its new coal supply requirements and to structure all coal supply agreements between Alexkor (or entities in which it holds an interest) and Eskom on a "cost plus" basis. Werksmans stated that, based on their initial analysis, they were not aware of any law that prohibits the implementation of such arrangements.

Tender published to provide financial services to Alexkor: October 2013

67. The following email exchange discovered by the Commission outlines what transpired between Kellerman (Alexkor), Khoza (Alexkor), Neo Mohohlo (Regiments), Indheran Pillay ("**Pillay**") (Regiments), Wood (Regiments and Tewodros Gebreselasie ("**Gebreselasie**") (Regiments) and other personnel of either Alexkor and/ or Regiments surrounding the tender to provide financial services to Alexkor:

67.1. On 7 October 2013, Gebreselasie sent an email (**Annexure PHB 19**)⁸, to Kellerman, copied to Khoza, Wood, and Loeb with subject: "*Info on the RFP document*" as follows:

"Good afternoon,

As promised, we are in the process of preparing the RFP document for the panel of financial services providers. We will be able to send it to you before close of business today. Can you please forward me your

7 CN-026629431, Werksmans Attorneys letter to Alexkor dated 11 October 2013

8 TRL-000497681 (1) (Email)

A handwritten signature in black ink, consisting of a stylized, cursive script that is difficult to decipher but appears to be a personal name.

standard adjudication template and standard scorecard, if you have any? Your prompt response is highly appreciated.

Regards

Tewodros Gebreselasie..”

67.2. On the same date, 7 October 2013, Kellerman responded to all via email **(Annexure PHB 20)**⁹, as follows:

“Hi all,

*Only just seen the mail, apologies. Attached is our, which should include everything you are looking for. Let me know if you require anything else last RFP, (CN-023039349 LAND REHABILITATION PLAN- **(Annexure PHB 21)**).*

Sincerely

Zarina”

67.3. On 9 October 2013, Gebreselasie wrote an email **(Annexure PHB 22)**¹⁰, to Kellerman, copied to Khoza, Neo Mohohlo (Regiments), Pillay (Regiments), and Wood (Regiments) with subject: *“RFP for appointment to the panel of financial services providers for Alexkor”*

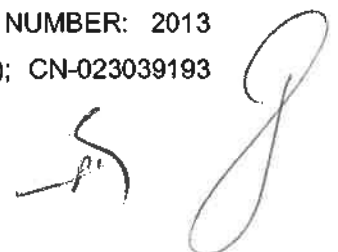
“Hi Zarina,

*Please find attached, the RFP document, bid evaluation form and advert on the captioned. **(Annexure PHB 23)**.¹¹*

9 CN-023039348 (Email)

10 CN-023039188 (Email exchange)

11 CN-023039191 (RFP Draft REQUEST FOR PROPOSAL (RFP). RFP NUMBER: 2013 /10/23/FINANCIAL SERVICES PANEL); and CN-023039192 (Evaluation sheet); CN-023039193

Two handwritten signatures are visible in the bottom right corner of the page. The first signature is a stylized, cursive mark, and the second is a more complex, looped signature.

Kind regards

Tewodros Gebreselasie”

68. On the same day, 9 October 2013, Kellerman responded to all the above persons in the mail, but also copied Bianca Gasela [bsjgas@yahoo.com] in the email as follows:

“Thanks Tewodros.

Will peruse tonight and give you feedback tomorrow.

Sincerely

Zarina”

2014

Regiments’ Fee Proposal to Alexkor: January 2014

69. On 15 January 2014, Loeb sent an email (**Annexure PHB 24**)¹², which he copied to Pillay and Gebreselasie with the subject line, “*Alexkor Fee Proposal:*”

“Hi Eric

Please see below our Alexkor fee proposal:

Transactions of this nature typically include four main work streams:

1 Valuations

(Sample advert))

12 CN-023034649, Email from Loeb to Wood

Handwritten signature and initials in the bottom right corner of the page.

2. Due diligence

3. Transaction advisory

4. Capital raising

Valuations and due diligence

The majority of consultancies charge for valuations and due diligence work on a time and materials basis. An hourly rate per resource coupled with pre-agreed rates for travel, communications, accommodation, etc. is agreed upon by the parties and the number of hours expected is generally agreed upon upfront. This fee is not a success based payment and is charged monthly in arrears.

Transaction advisory

Transaction advisory is a bit more complex. For transactions between R100M and R1bn, a corporate finance fee of 2%-3.5% of transaction size is charged as a success fee. This percentage reduces slightly as the transaction size increases over R1bn. A monthly retainer is charged to cover costs and is typically offset against the final success fee charged.

For smaller transactions (i.e. R10M – R100M) a fixed fee is generally negotiated between the parties. This fee would typically not be reliant on success and large investment banks would not often engage in these mandates.

Capital raising

Capital raising fees are usually success based, based on a percentage of funding raised:

Senior debt: 1%

Mezzanine: 1.5%-2.5%

Equity: 2.5%-3.5%

Two handwritten signatures in black ink are located in the bottom right corner of the page. The signature on the left is a stylized, cursive 'E' followed by a flourish. The signature on the right is a large, elegant cursive 'J'.

Alexkor fee proposal:

Due to the nature of the transactions and for the sake of simplicity and transparency, we propose the following hybrid approach:

All work done is charged on a time and materials basis, based on our standard rates table below. These rates will be charged monthly in arrears. In order to incentivise the successful and timely completion of transactions, we propose a small success fee of 1% (of the transaction size) over and above the time and materials fees charged.

Capital raising fees are to be charged separately on a success fee basis at the rates shown above.

Kind regards

Jonathan

<i>Regiments Capital - fee table</i>	
<i>Resource</i>	<i>Regiments Standard Rates</i>
<i>Analyst</i>	<i>3 333</i>
<i>Senior Analyst</i>	<i>4 167</i>
<i>Corporate Financier</i>	<i>3 333</i>
<i>Senior Corporate Financier</i>	<i>4 167</i>



<i>Due Diligence Analyst</i>	3 000
<i>Senior Due Diligence Analyst</i>	4 167
<i>Mining Expert</i>	5 000

69.1. Wood on Wednesday 15 Jan 2014 sent an email (**Annexure PHB 25**),¹³ to Kellerman on copy to Humphrey at Alexkor, Gebreselasie and Loeb, with Subject: *"FW: Alexkor fee proposal"*

"Hi Zarina

Post our meeting with Humphrey and the team yesterday, we have put forward our thoughts on the fee structuring as detailed below. It does appear difficult to fit this approach into the consulting agreement you sent me yesterday, but would be happy to discuss and expedite in the most efficient manner.

Regards

Eric Wood"

69.2. Wood emailed Essa on 15 January 2014 with subject line: *Alexkor Fee Proposal (Annexure PHB 26)*.¹⁴

"Hi Salim

Fee proposal as discussed, please give me a ring once you have gone

13 CN-023267669 Email from Wood to Kellerman

14 CN-023121273 Email from Wood to Essa

through the contents

Regards

Erick Wood

Executive Director”

69.3. Kellerman sent an email, on 16 January 2014 (**Annexure PHB 25**),¹⁵ on copy to Humphrey, Gebreselasie; Loeb Bianca Ilunga; Mxolisi Dlodla with Subject: *Re: Alexkor fee proposal Importance: High*

“Hi Eric.

Thank you for your email and our discussion yesterday. We have now had an internal meeting on this and from our side, we would like to engage you on the valuation and DD [Due Diligence] at this time only. This will give us time to work through the tender and will assist in curbing Board approvals. In this regard, we can then look at a general consultancy agreement. I would just need to get an indication from you on anticipated man hours. If you are happy with this, could someone from your legal team send a marked-up consultancy agreement for consideration and finalisation? Looking forward to your urgent response on this.

Sincerely

Zarina.”

69.4. On 16 January 2014, Wood responded to Kellerman via email (**Annexure PHB 25**)¹⁶ on copy to Humphrey, Gebreselasie, Loeb, Bianca Ilunga, Mxolisi Dlodla Subject: *RE: Alexkor fee proposal*

15 CN-023267669 from Kellerman to Wood

16 CN-023267669 Email from Wood to Kellerman



"Happy to proceed on this basis, will get the team to mark-up the consultancy agreement asap.

Regards

Eric Wood"

70. With regard to the rates structure proposed in the e-mail correspondence between Jonathan Loeb ("**Loeb**") and Woods above the Commission's investigating team noted the following:

70.1. Alexkor is a state owned entity and listed in Schedule 2 of the Public Finance Management Act (PFMA) as a Major Public Entity;

70.2. The Board of Alexkor is the Accounting Officer in terms of section 49(2)(a) of the PFMA.

70.3. In terms of the PFMA, the Accounting Officer and other officials of Alexkor have a duty to act in the best interests of Alexkor. This includes:

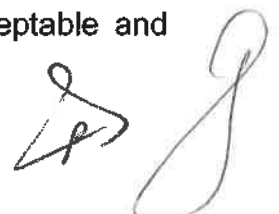
70.3.1.the management of expenditure and the prevention of irregular and fruitless and wasteful expenditure; and

70.3.2.ensuring a procurement process is followed that is fair, equitable, transparent, competitive and cost-effective.

70.4. The Regiments pricing proposal was that:

"All work done is charged on a time and materials basis, based on our standard rates table below. These rates will be charged monthly in arrears."

70.5. For a consultant to charge for time and materials is acceptable and

Two handwritten signatures in black ink are located at the bottom right of the page. The first signature is a stylized, cursive 'E' followed by a flourish. The second signature is a more complex, cursive signature that appears to be 'J. Wood'.

widely used.

70.6. The Department of Public Service and Administration (DPSA) issues guidance on hourly fee rates to be used when contracting contractors.

70.7. The hourly DPSA rates recommended for consultants, with effect from 1 April 2013 until 31 March 2014 (**Annexure PHB 27**) at the time of the e-mail correspondence prescribed a maximum fee of R3 156.00 per hour.

70.8. It was noted that the minimum hourly rate proposed by Regiments for a due diligence consultant, was R3 000.00, which was at the maximum rate as per the DPSA schedule. I would, however, expect an analyst to be charged at approximately R679.00 – R1 218.00 per hour as per the DPSA schedule.

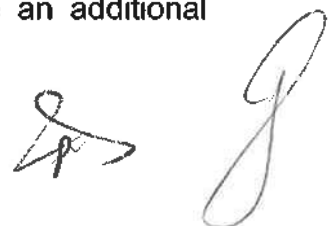
70.9. The maximum hourly rates proposed by Regiments was R5 000.00 for a mining expert. This exceeded the maximum rate for consultants recommended in the DPSA schedule, which was R3 156.00.

70.10. Based on the above, all rates proposed by Regiments, except that of a due diligence consultant, exceeded the maximum DPSA rates. Based on the DPSA schedule and the rates proposed by Regiments, the Regiments rates were excessive.

70.11. Regiments also proposed that:

“In order to incentivise the successful and timely completion of transactions, we propose a small success fee of 1% (of the transaction size) over and above the time and materials fees charged.”

70.12. If in addition to their fees, Regiments were to receive an additional



success fee of 1%, although seemingly small, this would be excessive and totally out of proportion with the services rendered by it. If it was a R1bn deal, Regiments would receive R10 000 000.00 as a bonus/success fee, which would not add any value to the work already performed.

70.13. Regiments proposed that:

“Capital raising fees are to be charged separately on a success fee basis at the rates shown above.”

70.14. The capital raising fees indicated were for senior debt – 1%, mezzanine 1.5% -2.5% and for Equity 2.5% - 3.5%.

70.15. A fee for raising equity is unfathomable as the State is a 100% shareholder of Alexkor.

70.16. Therefore, if more equity is injected into Alexkor by the South African Government, then an additional 2.5% - 3.5% is paid for no reason at all to Regiments.

70.17. Furthermore, paying Regiments a percentage of debt incurred by Alexkor would also not be beneficial as Regiments would be in a position to motivate higher debt levels than required, which would only serve to benefit Regiments.

70.18. Securing debt is not a function that Alexkor should outsource as this function should be performed by the staff of Alexkor. The South African Government would in any case be responsible for providing security for such transactions.

Two handwritten signatures in black ink are located in the bottom right corner of the page. The first signature is a stylized 'S' with a horizontal line extending to the left. The second signature is a large, flowing cursive signature.

70.19. It is readily apparent from this analysis that the proposal put forward to Alexkor was designed solely to benefit Regiments, who would benefit if Alexkor was indebted; this would certainly not have been in the best interests of Alexkor.

71. On 14/01/2014, Kellerman wrote an email to Wood and Loeb of Regiments, copied to "Humphry" of Alexkor and Bianca Ilunga, stating the following: **(Annexure PHB 28)**.¹⁷

"Dear Eric and Jonathan,

I trust that you are well and that 2014 will be a blessed year for you. I have left a message for you at the office. We will be putting out the tender shortly for financial advisors but for now, I am advised that we require your assistance on something specific. As a result, I attach a standard consulting agreement. Have a look at it and we can hopefully finalise this by email. But you are welcome to contact me on my mobile. We will require you to tender in the normal course and if you are successful, a more detailed agreement will follow. Let me have your comments.

Sincerely

Zarina"

72. On 16 January 2014, Loeb sent an email **(Annexure PHB 28)**¹⁸ to Kellerman, copied to Humphrey (Alexkor), Wood, Gebreselasie, and Pillay with subject: "Alexkor Regiments consultancy agreement_edit1 Alexkor Regiments

17 TRL-000491467 (email) and TRL-000491468 (Copy of standard consultancy agreement)

18 TRL-000491309



consultancy agreement_edit1.docx” as follows: **(Annexure PHB 29)**¹⁹

“Hi Zarina

Please see attached our mark-up to the consultancy agreement including our best estimates of fees per transaction. Please note that our internal legal is still reviewing the agreement and will revert with comments during the course of tomorrow. In the interim, we can proceed based on the attached.

Thanks and kind regards

Jonathan”

73. On 24 January 2014 Neo Mohohlo (Regiments) sent an email **(Annexure PHB 28)**²⁰ to Gebreselasie, Brandon Subrayan (Regiments) and Niel Wyma (Regiments), copied to Wood, Pillay, with subject: “*Alexkor Proposal Financial services panel draft Alexkor Proposal Financial services panel_draft.docx*”, stating: **(Annexure PHB 30)**.

“Hi all,

Please see attached the first consolidated draft of the RFP. Please review and send me comments and input by cob Monday. Do not worry about the formatting, I will send the doc to Natalie for formatting once the content is finalised.

Regards,

19 TRL-000491310 Alexkor and Regiments Consultancy Agreement

20 TRL-000510309 (Email))

Two handwritten signatures in black ink. The first signature is on the left, appearing to be 'S' followed by a flourish. The second signature is on the right, a large, stylized loop.

Neo”.

73.1. On 31 January 2014 there was an unsigned letter addressed to Kellerman, but for signature by Wood, as Regiments Capital Executive Director, with subject line: “RE: APPOINTMENT TO THE FINANCIAL SERVICES PANEL OF ALEXKOR (2014/01/06/FINANCIAL SERVICES PANEL)” (Annexure PHB 31),²¹ in which it was stated that:

“Regiments Capital (“Regiments”) is pleased to submit the accompanying proposal for the above mentioned tender.

... This proposal covers a description, methodology, experience and project plan for all the services that Regiments is bidding for as well as a brief profile on Regiments. In submitting this proposal, Regiments hereby complies and agrees to be bound by the rules of the RFP submission as contained in the request for proposals...”

The appointment of SSI to provide exclusive diamond marketing and sales services to the PSJV: 17 December 2014

74. On 25 November 2014, SSI submitted a tender to the PSJV to provide exclusive diamond marketing and sales services to it. At this stage, SSI was a shelf company with no diamond marketing or sales experience.

75. On 4 December 2014, Moodley and Nathan became directors of SSI.

76. On 17 December 2014, the tender was conditionally awarded to SSI.

2015

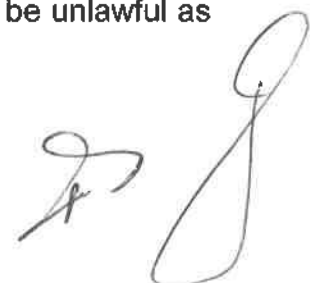
21 TRL-000597132



77. On 27 February 2015, the PSJV Board approved the awarding of the tender to SSI. SSI were informed that their bid was successful on 1 March 2015.
78. SSI, which changed its name to ABDC, had no diamond license or experience in the industry, but still won the tender submitted in 2014 to be the sole agent to value, sell and market Alexkor's entire diamond production (**Annexure PHB 2**) Alexkor's chief legal officer at the time, was Kellerman. Moodley, the purported 60% BEE shareholder of SSI through his company, Kimomode, had no diamond industry background.
79. The two directors of SSI, appointed after SSI's bid was submitted, were Nathan and Moodley.

Nathan and Daniel Nathan Trading

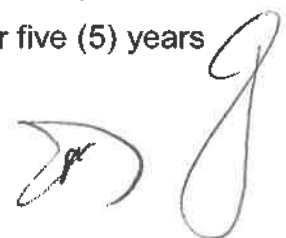
80. SSI is 40% owned by DNT, represented by Nathan.
81. The business address of SSI is the physical address of Nathan's company, DNT and Knox Titanium Vault Company ("**Knox**"). Moodley and his wife had personal safety deposit boxes at Knox, which were subject to search and seizure orders by the Commission in 2019.
82. The Commission has received confirmation from the South African Diamond and Precious Metals Regulator (SADPMR) that SSI has never applied for a diamond trading house licence. SSI was using the licence of Daniel Nathan Trading CC to trade Alexkor diamonds from inception of the contract being awarded to SSI, which is unlawful and in contravention of the Diamonds Act. The consequence of trading with no authorised diamond licence is that SSI was and still is unlawfully in possession of rough diamonds and each sale may be unlawful as this constitutes a contravention of the Diamonds Act.



83. Evidence of a further misrepresentation that was made by Daniel Nathan Trading CC to the SADPMR to acquire a back dated licence in the name of ABDC purportedly on the basis that DNT had changed its name to ABDC is dealt with by Mr Jan Dekker (“Dekker”) (**Annexure PHB 5**), a forensic investigator employed by the Commission, in a separate affidavit. In this affidavit he also deals extensively with the under-valuation of diamonds by DNT and corroborates the findings of Gobodo and the submission made by Gavin Craythorne.
84. On 16 September 2020, the Commission forwarded a RFI to the SADPMR requesting information concerning transfer of diamond licence from Daniel Nathan Trading CC to Alexander Bay Diamond Company (Pty) Ltd, (**Annexure PHB 32 (1),(2),(3),(4),(5)**)
85. A statement by the SADPMR General Manager Legal Services Mr Mononela, (**Annexure PHB 33**), confirms that Daniel Mark Nathan submission for a name change as mentioned in Dekker’s affidavit (**Annexure PHB 5**), constitutes a deliberate gross misrepresentation of fact, as the incorrect documentation was used to request a name change.

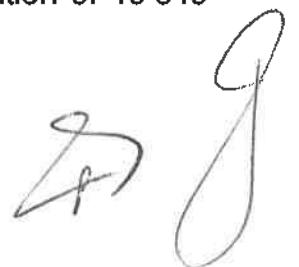
Moodley and Kimomode

86. Kimomode is the 60% shareholder of SSI.
87. Moodley is known for his company, Albatime, his involvement with Regiments and Trillian Capital Management and being a “fixer” for the Guptas. Moodley was also the subject of investigation by the Public Protector as stated in her State Capture Report.
88. Moodley resigned from SSI on 5 November 2015, shortly after Zwane was appointed as Minister. However, he retained his 60% shareholding in SSI through Kimomode until April 2017, after SSI was reappointed for five (5) years

Handwritten signatures in black ink, appearing to be initials or names, located at the bottom right of the page.

in a new PSJV tender in 2016.

89. Kellerman was appointed as adviser to Zwane from April 2016 to March 2018 after Moodley called and asked if she would be interested in an interview for the position. She was also instrumental in the negotiations between Alexkor and Regiments to appoint Regiments as consultants to assist with the new Alexkor coal mandate to supply Eskom with coal and lime.
90. Zwane appointed three (3) advisors when he was Minister of Mineral Resources:
- 90.1. Moodley (1 October 2015 to 31 March 2016);
 - 90.2. Mabaso (1 October 2015 to 31 March 2018); and
 - 90.3. Kellerman, at the behest of Moodley (1 April 2016 to 31 March 2018). From her cell phone records, Kellerman was in contact with Zwane for several months before she was appointed.
91. From examining the cell phone records of Moodley, it is evident that:
- 91.1. He had contact with the CEO of the PSJV, Carstens 97 times, with a call duration of 1 485 minutes from 2015/09/12 to 2017/05/10.
 - 91.2. He had contact with Kellerman, no less than 479 times with a call duration of 24 112 minutes from 2015/08/08 to 2018/04/13.
 - 91.3. He had contact with Chipkin 27 times with a call duration of 1 590 from 2014/11/04 to 2017/03/27.
 - 91.4. He had contact with Nathan 306 times, with a call duration of 15 345 minutes from as early as 2008/05/09 to 2017/11/14.



- 91.5. He had contact with Selwyn Nathan 232 times, with a call duration of 10 239 minutes from 2010/09/01 to 2016/11/07.
- 91.6. He had contact with Angel a director of ICM, 20 times with a call duration of 1 303 minutes from 2015/06/10 to 2017/03/27.
92. Evidence flowing from recent matter in Kuben Moodley vs Sunday times,²² *"Moodley complains about a report in the Sunday Times of 14 August 2016, headlined- 'Gupta pal' in R380m SABC licence-fee deal – Contract awarded without tender, extended without authority and not delivered on, say sources..."* and the #Guptaleaks and former public protector Madonsela's State of Capture report portray Moodley as closely linked to Essa and the Gupta family.
93. During March 2015 – the same month SSI was awarded the Alexkor contract – Moodley was entangled in what appears to be a R122m simulated transaction with the Guptas' Sahara Computers.
94. Moodley previously told the Sunday Times that the payments would have been for *"the procurement of IT equipment and services"*, but the #Guptaleaks suggest otherwise.

22 This was a defamation matter brought by Moodley concerning a report in the Sunday Times on 14 August 2016, headlined 'Gupta pal' in R380m SABC licence-fee deal – Contract awarded without tender, extended without authority and not delivered on, say sources.

The gist of his complaint was that both the article and the headline left the reader with the false impression that Moodley had benefitted from corruption.

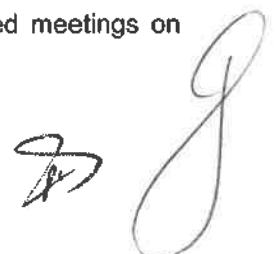
In particular, he complained that the text falsely said or implied that:

- he had relations with the Gupta family; and
- the contract between Lorna Vision and the SABC was suspect

Ruling by the Press Ombud, Johan Retief, and a Panel of Adjudicators (Peter Mann, public representative, and Mahmood Sanglay, representing the press.) The panel convened meetings on February 6, March 16 and March 27, 2017 before concluding the matter.

95. Leaked emails show that on 27 June 2015²³, Sahara chief executive and the Gupta associated, Ashu Chawla, sent an email to Moodley with a single line, stating: *"Hi Kuben here is the invoice for your reference"*.
96. The invoice attached to the e mail to Moodley's company, Albatime, simply stated it was for *"Admin IT services... contract 2012-2014"* - but the figures were simply too large and got cut off, so the R122m was reflected as R22m.
97. Moodley wrote back, saying, *"Please call me, your invoice does not make sense to me."*
98. Eventually, on 3 July 2015, the invoice was sorted out to reflect R122m, plus R17m VAT, *"payable quarterly"* for a supposed contract due to run March 2015 to February 2017.
99. It has been reported that according to Saharah's bank records, Moodley paid over R52 155 000 the same day.
100. Only on 8 July 2015 did Sahara director Ronica Ragavan create an underlying contract.
101. On that day she emailed a document titled *"Service Level Agreement – Albatime – March 2015"* for everyone to sign.
102. This contract was merely a drafted to disguise the Commission payment. A spreadsheet tracking gross profit in the Sahara business shows that the R122m was reflected as income at zero cost to the business.

23 Ruling by the Press Ombud, Johan Retief, and a Panel of Adjudicators (Peter Mann, public representative, and Mahmood Sanglay, representing the press.) The panel convened meetings on February 6, March 16 and March 27, 2017 before concluding the matter.

Two handwritten signatures in black ink are located in the bottom right corner of the page. The signature on the left is a stylized, cursive 'S' with a horizontal stroke at the end. The signature on the right is a large, elegant cursive 'J'.

103. The timing of this transaction, the alleged mention of a R 50 million guarantee on the award of the tender to SSI and the subsequent award of the PSJV marketing contract to SSI, is suspicious.

Chipkin and Integrated Capital Management

104. SSI's corporate advisor was Chipkin of Integrated Capital Management ("ICM"), which was involved with Essa. According to the Gupta leaks in November 2014, when SSI responded to the diamond marketing tender, their expression of interest noted that all communication should flow through their "corporate advisors", addressed to Chipkin of ICM. ICM was later intimately involved with Essa and the establishment of the Trillian Group of Companies, which was used to capture consulting work from Transnet and Eskom from the end of 2015.

105. ICM Chairman at the time was Selwyn Nathan, who is the father of Daniel Nathan. When the PSJV Chief Executive, Carstens, demanded that SSI provide a R50m funding guarantee, it was ICM's Chairman, Selwyn Nathan, who submitted a letter of comfort, committing ICM to secure the guarantee, should SSI win the bid.

106. The Commission has subsequently established that Investec has no record of any guarantee that was applied for and provided (**Annexure PHB 34**).

Duncan Korabie

107. Korabie was the Chairman of the Technical Committee that awarded the sole marketing and sales contract to SSI.

108. Korabie scored SSI 100%, for a bid by a company which was hitherto dormant and had no diamond trading licence or experience in the diamond industry.



109. On 11 September 2015, Korabie sent a letter, (**Annexure PHB 35**), of complaint to then Public Protector, Thuli Madonsela, about the award process. He copied it to Alexkor's management and the Department of Public Enterprises.

110. In this complaint Korabie alleged that Bagus had influenced the process, stating that:

"On the 11th of December [2014] the chief legal officer [Kellerman] and chairperson at the time [Bagus] took Korabie and Dr. Roger Paul, an Alexkor representative, into his office and discussed what he viewed as the new direction the PSJV must take in appointing the service provider. He mentioned that only one candidate that will be interviewed met the new direction he proposes. He then mentioned SSI."

111. Korabie told the amaBhungane Centre for Investigative Journalism, and Scorpio, also a team of investigative journalists, that during a separate private conversation, Bagus told him that the instruction to appoint Scarlet Sky came "right from the top" (**Annexure PHB 13**).

112. In Korabie's 2015 complaint, he further alleged that the award to SSI was supposed to have been subject to the completion of a due diligence. He wrote:

"The CEO [Carstens] never reported to the tender committee on the due diligence he was directed to conduct... It is clear to us that [Scarlet Sky] was created specifically for this tender. We do not know who the shareholders are of [Scarlet Sky] and their relationship, if any, with any of the... board members."

113. Korabie's complaint was not pursued by the Public Protector's office, ostensibly due to doubts about its jurisdiction and a commitment from Alexkor that the matter would be investigated. However, the complaint was withdrawn by Korabie (**Annexure PHB 36**) subsequent to a meeting between DPE and the Alexkor-



CPA during November 2015, to allow the Department to investigate the matter internally. The investigation was done by the ARC Committee of the PSJV and the outcomes have been communicated with the Department. However, Korabie's 100% score for a company with no diamond licence and no track record is consistent with the averred instruction given to him by Bagus that SSI had to be appointed.

114. One unknown source close to Bagus (who tells a story that supports Korabie's version), who asked not to be identified, apparently told amaBhungane:

"Look, [Gupta business partner Salim Essa] went to Bagus and said [Scarlet Sky] must get the tender... They said, this comes from the very top... He said, no ways. So they said, then you must go."

115. A former close associate of the Guptas also apparently told the aforementioned journalists that the family tried to capture Alexkor in order to take their money out in diamonds: *"They wanted the sole marketing rights for [Alexkor] diamonds... They wanted the mobility of diamonds."*

Haasbroek's Appointment to Alexkor's Board: July 2015

116. Following a forensic investigation into various allegations at DPE conducted by Fundudzi Forensics in 2018 with regard to Alexkor Board appointments, (**Annexure PHB 6**), they determined that on 16 July 2015, Ms Kim Davids ("**Davids**"), the executive assistant to Brown, sent an email to infoportal1@zoho.com from her private e-mail address, anckimwc@gmail.com. The title of the e-mail was "*Trevern's CV*". In the email, Davids stated the following:

"Dear Saleem



Herewith cv for Alexkor board as discussed".

117. Fundunzi also noted that Haasbroek's CV and a motivation letter purportedly prepared by Haasbroek dated 15 July 2015 was attached to this said email.
118. The e-mail above is an indication that Davids was communicating with "Saleem", who it can safely be assumed was Saleem Essa.
119. It is evident from the Fundunzi report that the email address infoportal1@zoho.com has been extensively used in communications between the Gupta family and members of SOE's.
120. It is evident that great care was taken during these communications to the said email address, not to identify the owner of the said email; the email address is an anonymous email address with no trace.
121. Fududzi further determined that on 20 July 2015, Davids forwarded Haasbroek's CV from her private e-mail address (anckimwc@gmail.com) to her DPE e-mail address, Kim.Davids@dpe.gov.za.
122. On 27 July 2015, 11 days after the email from infoportal1@zoho.com to Davids, Makobe issued a memorandum to Brown to advise the Minister on the rotation and re-appointment of Non-Executive Directors to the Alexkor board.
123. The said memorandum, *inter alia*, recommended the appointment of Haasbroek to the Alexkor board with effect from 14 August 2015 for a period of three years, subject to annual review by the Minister of Public Enterprises.
124. Haasbroek accepted his appointment as non-executive director to the Board of Alexkor on 13 August 2015.



Matseke appointed by Brown as the Chairperson of the Alexkor Board: August 2015

125. Matseke, the Independent Non-Executive Director and Chairperson of Alexkor, was appointed in August 2015 by Brown.

126. She was also a member of the Free State Development Corporation Board at the time that she was appointed to the Board of Alexkor. According to an article in News24wire (**Annexure PHB 37**) on 31 January 2018, Matseke, the FDC's chairperson is allegedly a long-time ally of ANC Secretary-General, Mr Ace Magashule ("**Magashule**"). Matseke is also the business partner of Ms Thoko Alice Malembe, Magashule's estranged daughter, with whom he was allegedly reunited in 2011, scored a contentious property deal with the FDC, when Matseke was the chairperson. Malembe's and Matseke's respective companies have both greatly benefited from government contracts in the Free State and have worked together on some of these projects.

Brown appoints the Audit and Risk Committee to conduct an investigation into the tender awarded to SSI: 28 October 2015

127. On Wednesday, 28 October 2015 it was resolved by the Minister of Public Enterprises, Brown, that the Audit and Risk Committee would conduct an investigation in respect of the awarding of the tender, Tender No RFP 03/2014, by the PSJV to SSI. This was as a result of complaints submitted to the Minister by RMC, Alexkor's joint venture partner in the PSJV. The matter had been raised at the meeting between the RMC, Alexkor and the DPE.

128. The following persons were members of the Audit and Risk Committee:

128.1. Ms M Lehobye (Chairperson);



128.2. Haasbroek; and

128.3. Mr T Matona, who apologised for not being available to serve on the Committee, who was replaced by Mr V Bansi.

2016

129. On 26 February 2016, a report back was provided on the investigation carried out by the Audit and Risk Committee of the Alexcor Board (“**the Audit and Risk Committee**”) (**Annexure PHB 38**).

130. Following its review of the matter, the Audit and Risk Committee concluded as follows:

“Based on the affidavit and collaborative evidence reviewed by the committee, we could not find any fundamental breach of procurement procedures adopted by PSJV other than manner housekeeping that we have alerted the management of the PSJV to correct.

Furthermore, we are of the view that some of the challenges that have been raised could be mitigated if the PSJV board pack is enhanced to include all committee minutes for noting at each board meeting. This will enhance transparency and information sharing. To that end, we have recommended to the chairperson of the PSJV to consider a resolution of the board to include the minutes as part of the board pack”.

131. These findings are totally contrary to the numerous and consistent complaints lodged by Craythorne about the irregular appointment of SSI and the subsequent findings and recommendations made by Gobodo, who prepared a report pursuant to a mandate from the DPE that such appointment was irregular.

The Gobodo Findings and Recommendations

132. Following and in depth forensic investigation by Gobodo, during October 2019,



they recommended that the PSJV Board / Department of Public Enterprises consider terminating the ABDC, formerly known as SSI contract with the PSJV based on the following:

132.1. That tender 03/14 was irregularly awarded to SSI by the PSJV Board in or about 2014. The procurement process was fatally flawed;

132.2. That the procurement process for tender 02/2016 was flawed and irregularly awarded by the PSJV Board;

132.3. That there was no compliance with the terms of the contract by SSI. SSI failed to ensure that the rough diamonds sold for beneficiation purposes to the State Diamond Trader (SDT) and Joe Gaddies was 10% and 5% respectively, *which was in accordance with the contract*;


132.4. That the contract placed the PSJV at risk by not ensuring that 15% in value of the rough diamonds are sold for beneficiation purposes in order to allow the PSJV to be exempted from the export levy in terms of Section 8 of the Export Levy Act;

132.5. That SSI failed to disclose information relating to the buyers of the rough diamonds to the PSJV and misrepresented SSI as the buyer; and

132.6. For selling the rough diamonds at a price that is ostensibly lower than the market price.

133. Gobodo also recommended:

133.1. That the contract for the reclamation of the stockpile tailings awarded to Ambicor be investigated;

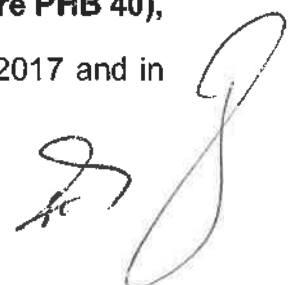
A handwritten signature in black ink, consisting of a stylized 'S' followed by a large loop.

- 133.2. That further investigation be conducted to identify the buyers of the 85% rough diamonds and the related prices for the rough diamonds and ensure that the buyers have the required licences and that the sales have been registered with the relevant authorities;
- 133.3. That the Tender Committee not be considered as a sub-committee of the Board and that Board members should not be involved in the adjudication and evaluation tenders as this is a breach of the Unanimous Resolution. Board members should only be involved in the approval of the tenders;
- 133.4. That the PSJV Board should consider appointing an independent valuator to conduct a proper Valuation of the rough diamonds before it is delivered for marketing and selling; and
- 133.5. That the PSJV Board DPE consider disciplinary action against Mervyn Carstens, the CEO for misrepresenting that a due diligence had been conducted before the award of tender 03/2014 to SSI.

2017

The proposed establishment of Alexcoal to pursue the coal business with Alexkor

134. A Non-Binding Memorandum of Understanding (“MOU”) between IPC Beneficiation (Pty) Ltd (“IPC”) and Alexkor SOC Limited was signed in Witbank on 8 May 2017 (**Annexure PHB 39**).
135. On 20 October 2017, Matseke wrote a letter with heading, “*PRE-NOTIFICATION ON THE PROPOSED ESTABLISHMENT OF ALEXCOAL*” (**Annexure PHB 40**), to Brown acknowledging the Minister’s letter dated 20 September 2017 and in



particular, to acknowledge the Minister's conditional approval to proceed with the negotiations with IPC Beneficiation.

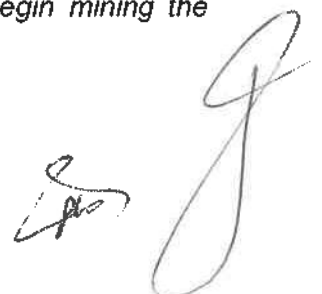
136. Significantly, the MOU states that a new company ("Newco") will be established and that the shareholding will be Alexkor- 55% and IPC- 45%. It was provided that Newco would enter into logistics and supply agreements with WecCoal and Nungu Mining, for the supply of washed coal to Eskom.

137. The Commission's investigating team have established that the entire coal deal was part of a Gupta linked and associated network of companies, positioning themselves to control Alexkor coal business, which consisted of IPC, WesCoal and Nungu. Should the deal have gone through, the entire coal business for Alexkor would be to the benefit of the Guptas and their associates. The following Centaur News Bulletin, date 27 Jan 2015, supports these assertions (**Annexure PHB 41**):

"Centaur Holdings Announces Funding Package for 'Nungu Colliery' Coal Project in South Africa- NEWS PROVIDED BY: Centaur Holdings Ltd 27 Jan, 2015, 04:00 GMT (DUBAI, January 27, 2015 /PRNewswire/ -). According to this bulletin the following was announced:

Centaur Holdings Ltd ("Centaur"), a global investment holding company with interests and investments ranging from asset management, wealth management, private equity, venture capital, mining and natural resources and agricultural investments is pleased to announce that it has completed a funding package through a wholly owned subsidiary (the "Company") for IPC Coal (Pty) Ltd and IPC Mining (Pty) Ltd (collectively "IPC").

Under the terms of a recently executed Cooperation Agreement, the Company has agreed to provide secured capital to expand IPC's existing opencast mining operations at its Nungu Colliery, which will allow IPC to begin mining the underground reserves in February 2015.

Two handwritten signatures in black ink are located in the bottom right corner of the page. The signature on the left is smaller and more compact, while the one on the right is larger and more stylized, with a long vertical stroke extending downwards.

The remaining extent of Portions 4 and 23 and Portions 67, 68 and 69 of the farm Elandspruit 291 JS form the Nungu Colliery which measures roughly 3 258 hectares. The Nungu Colliery lies 5km West of Middelburg Town, Mpumalanga Province, Republic of South Africa and benefits from well-established logistics infrastructure.

The Nungu Colliery coal reserves are located beneath the surface on the remaining extent of Portion 23 and access to the underground coal reserves is also located on Portion 23 in the high wall of the previously mined out Nungu West Opencast pit. All the opencast reserves on Portions 67, 68 and 69 have previously been mined and the pits have been rehabilitated and the surface levelled. Only the remaining underground coal reserves are available to be mined.

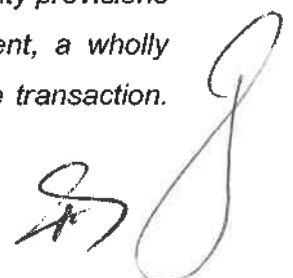
The Company previously funded IPC to mine the Nungu opencast reserves and based on IPC's track record, has now agreed to fund an undisclosed sum to allow IPC to successfully mine the underground reserves of circa 7m tons of thermal coal.

Centaur and IPC have agreed an option to allow Centaur to increase the funding package and simultaneously acquire an equity stake in IPC as a secondary stage to the transaction.

On the funding package, Centaur Group CEO, Daniel McGowan, said

"The recently completed funding package for IPC is part of Centaur's strategic plan for its mining division, with a specific focus on high quality export thermal coal and established logistics infrastructure. Centaur and IPC have a strong working relationship, which has been built on IPC successfully mining the Nungu opencast reserves. The funding package further demonstrates Centaur's selective expansion plans in the natural resources sector in South Africa. Centaur will begin work on the secondary stage of the transaction during Q1."

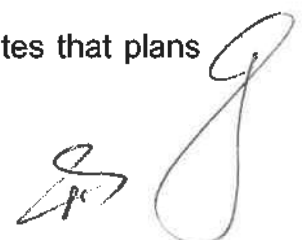
Webber Wentzel acted as Legal Counsel for Centaur for the security provisions of the Cooperation Agreement and Centaur Asset Management, a wholly owned subsidiary of Centaur, acted as financial advisor for the transaction.

A handwritten signature in black ink, consisting of a stylized 'S' followed by a large, looping flourish.

Ecca Project Services (Pty) Ltd acted as mining advisor to Centaur and will maintain a supervisory role throughout the underground mining 'life of mine'. The 'Private Equity' division of the Centaur Group was responsible for sourcing and managing the IPC transaction."

138. According to an email the Commissions investigating team has in its possession from attorney Henk Smith, who has also been assisting the Commission with information related to Alexkor (**Annexure PHB 42**), Centaur Holdings is based in Dubai in the United Arab Emirates (UAE) and has Daniel McGowan as its CEO. The company states on its website that it has interest in developing coal properties in South Africa. (<http://www.miningmx.com/top-story/28353-firm-behind-r500m-de-roodepoort-coal-project-gupta-linked/>) (**Annexure PHB 43**), (confirmed in the above quoted article). The firm's key shareholders are Aakash Garg Jahajgarhia, who is married to the daughter of Anil Gupta, one of the Gupta brothers, according to the state capture report. Other shareholders include Simon Hoy, McGowan and David Silver. The reason for Centaur Holdings' mention in the state capture report is that the company signed a \$100m (R1.4bn) revolving credit facility with an anonymous UAE-based family to expand its natural resources projects in South Africa. Centaur is also one of the entities that contributed towards the R2.15bn purchase price of Optimum Coal Holdings by Tegeta Exploration & Resources, a subsidiary of Gupta company, Oakbay Investments.
139. In a corporate presentation, (**Annexure PHB 44**), "*Gupta Family - The Inconvenient Truth*," that was prepared by Aslam Kamal and Nazeem Howa for Oakbay Investments (Pty) Ltd dated 27/01/2016, on slide 16 it confirmed that "*M&A Team worked on three deals - Optimum, Wescoal and Universal. Lost bids for Wescoal and Universal. So much for all-powerful!*"

- 139.1. An email in possession of the Commission indicates that plans

Handwritten signature and initials in the bottom right corner of the page. The signature appears to be 'J' and the initials are 'PC'.

were already afoot in August 2014 to acquire the Nungu concessions. In relation to the Nungu mine that would form part of the Alexkor Newco, the following email (**Annexure PHB 45**), was sent to Tony Gupta[tony@sahara.co.za] from: Ravindra Nath of Oakbay on Thur 8/28/2014 5:43:25 PM (UTC)with Subject: *"Information required:"*

"Dear Tony ji,

We need following information:

- a. CPR of Mining right (Nungu);*
- b. Is there any other mining right?*
- c. Mining works programme for Mining Right;*
- d. Copy of all the 7 prospecting rights.*
- e. CPR or geological report of the prospecting right;*
- f. Mining status at MR site;*
- g. Approval of wash-plant;*
- h. Any contract with other coal mines for washing of their coal;*
- i. Coal supply agreement with Eskom?*
- j. Off-take agreement of coal with any other party.*
- k. Latest financials of the Company.*

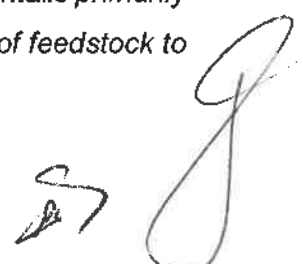
Regards,

R. Nath"



2018**Moratorium placed on the acquisition of Alexcoal**

140. The Commission formally requested information from Alexkor in relation to its coal strategy it had announced, (**Annexure PHB 46**). The Commission was provided with several documents related to Alexkor's new coal strategy expansion programme.
141. From a letter by Matseke dated 26 April 2018 to Minister Gordhan with heading "*PFMA section 54 (2)(b) Notification on the Proposed Establishment of Alexcoal and Feedback on Alexkor's 2017/18 Third Quarter Report for the Period Ended 31 December 2017*" (**Annexure PHB 47**), it is evident that Minister Gordhan had placed a moratorium on the acquisition plans of SOC's. Matseke advises in the letter that the Board of Alexkor will take no further action on the coal project until instructed to so.
142. It thus seems that after Minister Gordhan placed the moratorium on the coal acquisition plans the Alexkor proposed coal strategy came to an abrupt halt.
143. According to a due diligence document, (**Annexure PHB 48**) that was provided by Matseke to Minister Pravin Gordhan ("**Gordhan**") on 26 April 2018, the Introduction to the Presentation bulleted the following points:
- *"The current core business of Alexkor SOC Limited ("Alexkor") is mining of diamonds*
 - *Alexkor's Board and management has been directed to look into other business opportunities to diversify and grow the business*
 - *Alexkor goal is to adopt a twofold initiative to their coal strategy which entails primarily the partnership with emerging coal companies to facilitate the supply of feedstock to Eskom Power Stations from road to rail agencies*

Two handwritten signatures in black ink are located at the bottom right of the page. The first signature is a stylized 'S' with a horizontal line extending to the right. The second signature is a large, flowing cursive signature that starts with a large 'G' and ends with a long vertical stroke.

- *Alexkor has identified a business opportunity to invest in a privately owned Company whose owners have experience in coal beneficiation and who are currently operating a coal beneficiation toll-wash facility in Middleburg which is in close proximity to a number of coal fired Power Stations*
- *The Run of Mine (ROM) processing capacity is 140 000 tons per month which can yield a product in excess of 100 000 tons per month*
- *Alexkor has expressed an interest in taking up an equity stake in the company and has undertaken a due-diligence exercise on the opportunity and the outcome of this exercise has indicated that the opportunity is financially viable and the team went ahead to progress the business opportunity to the development of a Business Case*
- *The presentation summarises the proposed Business Case for Alexkor to pursue the opportunity.”*

144. According to this presentation to Gordhan, the Newco was to be called Alexcoal (Pty) Ltd (“Alexcoal”).

2019

The Administration of Alexkor

145. On 12 September 2019 an Administrator of Alexkor, Mr Lloyd McPatie (“McPatie”) was appointed for a period of six months, (**Annexure PHB 49**). The Administrator held the positions of:

145.1. Executive Chairperson of Alexkor;

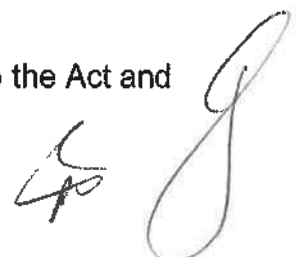
145.2. Chairperson of the Pooling and Sharing Joint Venture (PSJV); and

145.3. Chairperson of the Rehabilitation Trust.

146. The Administrator’s terms of reference were to:



- 146.1. Undertake an extensive review and analysis of the contract mining and revenue sharing models between the Alexkor Richtersveld Mining Company (RMC) PSJV and the contractors and provide proposed solutions;
- 146.2. Review the Alexkor and the Alexkor RMC PSJV cost structure to ensure that procurement of goods and services is at fair value and warranted;
- 146.3. Remove the duplicate functions at Alexkor Head Office and Alexkor RMC PSJV with a particular focus on executive and overhead expenses as well as to identify and implement other remedial and cost reduction intervention plans and/or initiatives;
- 146.4. Launch an investigation into any contractual impropriety and if need be, terminate marketing and sales contract with Scarlet Sky Investments (SSI) and propose solutions/options for the establishment of own or State Diamond Trader related diamond marketing and sales channel;
- 146.5. Develop a revenue enhancing plan with emphasis on contracting for mid and deep-water mining operations;
- 146.6. Propose a right sizing model for Alexkor and Alexkor RMC PSJV in line with the income streams;
- 146.7. Manage the rooting out of corruption and State capture related practices and individuals at Alexkor and Alexkor RMC PSJV;
- 146.8. Determine the optimal shareholding structure of the state's marine diamond resources;
- 146.9. Incorporate the Alexkor RMC PSJV to ensure adherence to the Act and

A handwritten signature in black ink, consisting of a stylized 'L' followed by a large, looping flourish.

proper Corporate Governance provisions;

146.10. Obtain in collaboration with the Department the support of the Richtersveld Communities and their appropriate entities into implementation of the Alexkor RMC PSJV restructuring interventions; and

146.11. Develop in collaboration with the Department a Key Stakeholder Engagement Plan to ensure support for the implementation of the above plans.

146.12. The Administrator records that it launched an investigation into the impropriety of the contract concluded with SSI. This revealed that:

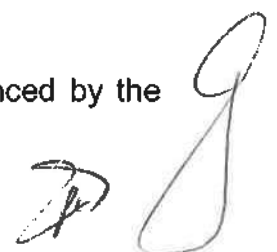
146.12.1. the appointment of SSI to do the marketing and selling of the diamonds is questionable from a governance perspective as SSI does not have a diamond trading license; and

146.12.2. the sales and marketing contract concluded with SSI was irregular.

147. It is recorded that Alexkor has applied to the South African Diamond and Precious Metals Regulator(SADPMR) for a diamond-trading license to enable the company to market and sell its own diamonds on various platforms and thus being able to cancel the SSI contract. It was anticipated that the license would be issued by end of February 2020.

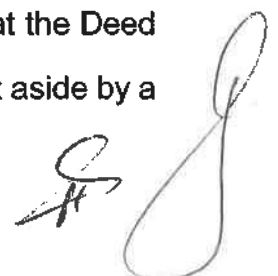
148. It is also recorded that a legal firm was engaged to formulate charges against all implicated individuals and/or companies emanating from the Gobodo report.

149. The fact that Alexkor has been stripped of all its assets is evidenced by the



Administrator's statement that it only has funds which would last it until the end of March 2020 and thus, should be liquidated. It is furthermore stated that the PSJV is technically insolvent and cannot trade itself out of its current financial situation. In this respect it is recorded that:

- 149.1. Alexkor impaired a R200m loan in the 2018/19 financial year that was provided to the PSJV;
 - 149.2. The PSJV currently has outstanding debts of approximately R100m which includes statutory payments such as PAYE, VAT and Pension Fund Contributions;
 - 149.3. This will be reduced to R45m by the financial year end but the PSJV will not be able to meet its financial obligations during the winter months when carat production is low.
 - 149.4. After the liquidation process, the Administrator suggests that a new corporatized and adequately recapitalised entity could be established.
 - 149.5. As an alternative to liquidation, it is proposed that the joint venture be recapitalised on the basis that:
 - 149.6. The budget required to do the exploration is approximately R400m;
 - 149.7. The debt excluding the loan to Alexkor is around R100m; and
 - 149.8. Further funding will be required to adequately staff the mine with the correct levels of technical skills.
150. If a decision is taken to recapitalise the PSJV, it is recommended that the Deed of Settlement (DoS) and the Unanimous Resolution (UR) must be set aside by a



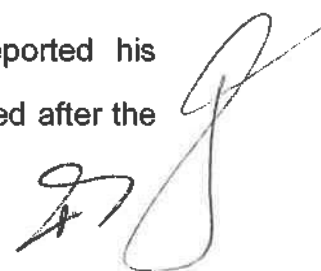
court of law and a Partnership Agreement between Alexkor and the PSJV must be entered into.

151. A further alternative proposal put forward by the Administrator is that the marine mining rights be sold to the private sector to partner with the community. However, it is said that these rights will be a hard sell as the exploration has not been done and there is no tangible value in the mining right without understanding the resource. According to Craythorne, this simply is not true; Alexkor's diamond rights are extremely valuable and their value is readily ascertainable as he has demonstrated in this affidavit.

Disciplinary charges proffered against Carstens: 31 January 2020

152. On 31 January 2020, Carstens was suspended by the Administrator McPatie for Gross Negligence, Gross Misconduct and for Failure to Demonstrate Acceptable Conduct related to the irregular SSI contract awards, failure to act against SSI who failed to ensure that the rough diamonds sold for beneficiation purposes to SDT and Joe Gaddies was 10% and 5% respectively, which was in accordance with the contract, and matters related to not paying over monies to the Pension Fund Administrator, failure to monitor the contract between the PSJV and SSI and allowing for the underselling of rough diamonds for beneficiation in contravention of section 8 of the Diamond Export Levy Act. His charges further related to the fact that he failed without proper cause to perform his fiduciary duties with proper care and thus placed the PSJV at risk by not ensuring that 15% in value of the rough diamonds were sold for beneficiation. He also expressed bias in his failure to disclose information of buyers and misrepresenting SSI as a buyer. (**Annexure PHB 50**).

153. The acting CEO, Mr Gerone Cloete ("**Cloete**"), has since reported his suspension to the CCMA and a disciplinary hearing will be scheduled after the



CCMA process to ensure that the CEO does not continue to benefit from the PSJV while on suspension.

Administrator Briefs Parliament: 27 May 2020

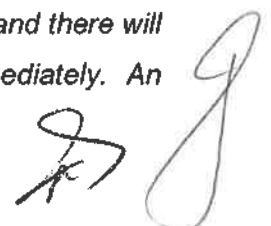
154. On 27 May 2020, the Portfolio Committee on Public Enterprises and the Select Committee on Public Enterprises and Communication were briefed by the Alexkor Administrator, (**Annexure PHB 51**), on the outcomes of the forensic investigation and the turnaround plan. The Deputy Minister of the Department of Public Enterprises was in attendance. Some of the relevant excerpts from the transcript are as follows:

“The sales and marketing contract awarded to Scarlett Sky Investments was found to be irregular and in order to overcome this, an application for a diamond-trading license was made so that the contract can be cancelled. It’s anticipated that the license will be issued in mid-June of this year. The Department fell short in providing the Administrator with all available information and data and in rendering assistance without unreasonable delay...”

“Members asked whether there are prosecutions against the executive members of Scarlett Sky Investments...”

“It was also asked why the irregular appointment of Scarlett Sky Investments was not referred to the Public Protector, how far the application process is for a trading license, feedback on the disciplinary action case against the Chief Executive Officer...”

“Mr McPatie said the Sales and Marketing contract awarded to Scarlett Sky Investments (SSI) was found to be irregular. The difficulty with cancelling the contract immediately is because of the financial situation. SSI is selling diamonds on a monthly basis and if the PSJV doesn’t sell diamonds, it will have no money to pay its contractors or to pay for water and electricity. It provides electricity for the entire town. The community is poverty-stricken and there will no money to pay salaries if the contract is cancelled immediately. An

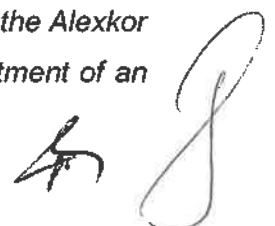


application for a diamond-trading license has been made and it's anticipated by the CEO that the license will be issued by mid-June of this year. Once issued, the contract can be cancelled and diamonds can be sold on any platform..."

"Mr Tlhakudi explained that matters of state capture are referred to the Zondo Commission. In the past, the Administrator provided very concerning responses when asked why irregular contracts were not terminated. The power to affect such a decision lies with the Administrator as the accounting officer. Miners raised concerns that diamonds were getting sold through SSI and an analysis showed they were getting paid 40% below index. The contract was found to be irregular. The Department will step in to make sure diamonds are sold through the proper channels. On the obligations under the Companies Act given the reckless trading, the Department has developed options to ensure the situation is addressed. The Administrator was brought in as a temporary measure. On the difference in performance between the south and north side of the river, the criticism is linked to the quality of management. It was apparent that the suspended CEO of Alexkor was not suited to this particular task. The Board that was overlooking the business decided to proceed with him even though he had Human Relations (HR) qualifications and not mining qualifications. The diamonds tend to drift north as a result of the currents in the ocean. The resources have not been fully exploited in the past and this will be addressed going forward. The municipality needs to start taking responsibility over Alexander Bay town. On the issue of using the company instead of outsourcing mining contractors, this is something that needs to be looked at but it essentially boils down to management. If there is a proper team in place, this ideal can be realised..."

"Mr M Nhanha (DA; Eastern Cape) On matters referred to the Zondo Commission, in the fourth and fifth administration, there were 3 ministers reporting to the Gupta family. To what extent has the Gupta family been involved in engaging in the Alexkor business and the diamonds in Alexander Bay?"

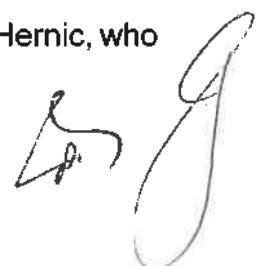
"Ms C Labuschagne (DA; Western Cape) said she has been part of the Select Committee on Public Enterprises and Communication dealing with the Alexkor issues since 2014. The previous Committee called for the appointment of an

Two handwritten signatures in black ink are located at the bottom right of the page. The first signature is a stylized, cursive 'A' or 'H' shape. The second signature is a large, flowing cursive 'S' or 'J' shape.

Administrator and an investigation into the supply chain management. For the first time in 7 years, members are receiving reports and getting an indication of what is going wrong in Alexkor. Since 2014, members have been very worried that the community is not benefitting from the land claim and the contracts being done. The community can only benefit if there are economic options and if the mining is going to be viable. There needs to be some kind of income for the community. The Department must look into all of the options. The reporting of the state capture and corruptive activities to the Zondo Commission can take years. The Administrator's report contains a lot of information and the Department should follow through in laying criminal charges and doing the correct thing. She and the previous Chairperson of the Committee in the previous term received warnings to stay out of these issues. In the last meeting of the Fifth Parliament, the Committee called for the Department to refer these issues to the Zondo Commission. She said she's very glad to hear today that it's been done. The Department must take this further and do the right thing. That community is destroyed as it is and people are going to be further destroyed. She agreed with Mr Cachalia's suggestion for members to do an oversight visit."

Lemogang Pitsoe

155. Pitsoe was appointed as the Alexkor CEO on 1 December 2017 by Brown. Mr Vimal Bansi, was Alexkor Acting CEO at the time.
156. The Commission has information in its possession that indicated that Pitsoe was also an invited guest at the Gupta wedding in 2013, (**Annexure PHB 52**). He stayed in room 0315 from 1/05/2013 in and on 3/05/2013 out at Sun City with a partner.
157. The response to the Parliament Question, (**Annexure PHB 53**) that was received from the CEO of Alexkor, Pitsoe, is that he attended the said weddings while he was in the employ of Heric Ferrochrome (Pty) Ltd ("Heric"). Mr Pitsoe was representing Mr Johan Swanepoel ("Swanepoel"), who is the CEO of Heric, who



could not attend due to unforeseen circumstances.

158. Based on the information on the database of the Commission, it is evident that the intention was to invite them both to the wedding at the same time. They both appeared on the same schedule of guests (**Annexure PHB 54 and Annexure PHB 55**)

159. The Commission has established from its database of information that Gupta mining concern reported that, Westdawn Investments (Pty) Limited T/A JIC Mining Services ("JIC") was the largest contract mining company in South Africa with almost 10,000 employees. It is/was doing contract mining for companies such as Anglo Plats, Impala Platinum, AngloGold Ashanti, Harmony Gold and Heric Ferrochrome (**Annexure PHB 56**).

160. According to Pitsoe's CV, (**Annexure PHB 57**), he was the General Manager for Heric Ferrochrome from 04/2011 to 02/2017.

Alexkor terminates the contract with SSI: 11 August 2020

161. On 11 August 2020 the Alexkor CEO, Pitsoe terminated the contact with SSI. SSI has, however, disputed the cancellation of its contract and seeks to hold Alexkor to it (**Annexure PHB 58**).

PETER HENRY BISHOP

I hereby certify that on 9 ^{October} ~~September~~ 2020, in my presence at PRETORIA, the DEPONENT signed this Affidavit and swore and acknowledged to me that he knew and understood the contents thereof, had no objection to taking this oath and that he considered this oath to be binding on his conscience.



RANK: BRIGADIER
NAME: JOHAN ALBERTUS PETRUS BERGER
ADDRESS: INVESTIGATING DIRECTORATE
NATIONAL PROSECUTING AUTHORITY
WEST LAKE AVE.
WEAVER PARK
SILVERTON.

[Handwritten signature]
Commissioner of oath

Investigating Directorate: Corruption
Private Bag X752
- 9 OCT 2020
Pretoria 0001
National Prosecuting Authority

[Handwritten mark]

AFFIDAVIT

1.

I, George Travis John Nicolaai solemnly declare in English:

2.

I am an adult male, ID 5809185157087, 60 years old, residing at 617 Malherbe Street Port Nolloth, cellphone 0645297384 and unemployed.

3.

I became unemployed as of 4th January 2018, when our contract was not renewed by Alexkor end of November 2018 when I became a whistleblower.

4.

I entered the Marine Diamond Industry in 1980 and qualified myself as a Diving Supervisor, Grade 4 Skipper and completed a Diamond Evaluation Course.

5.

I have been an active diver producing Marine and Riverine Diamond Bearing Gravels for 34 years on multiple concessions in South Africa, Angola and the Central African Republic.

6.

Throughout my 38-year career (not diving for the past 4 years) I have been closely involved in all phases of the recovery process including primary separation, final recovery, sorting, weighing and registering diamond production. I have also attended numerous diamond sales over the course of my career.



7.

I, George Travis John Nicolaai solemnly further declare in English:

8.

I have produced numerous so called "Jackpots" with the most memorable being Alexkor's famous 111,52 carat yellow diamond mined at block 60 on sea concession 1a adjacent to the mouth of the Orange River. This record stands to this day as the largest diamond retrieved from the sea, both in South Africa and Namibia, beating De Beers Marine's record of an 88-carat stone.

9.

I started contracting with Alexkor in September 1999 and have always been on the committees of the bodies who represented the contractors, with position of Chairperson of the CRB (Contractors Representative Body).

10.

On 9 September 2017 my dive team and I, of the company PL Marine (Pty) Ltd, left Alexander Bay harbour to work in the Block 60 area. Unfortunately, due to a beach mining contractor's illegal cofferdam mining activity in the area, the conditions were very bad and our high-grade area inshore was buried under a thick layer of mud overburden which we had to try and excavate our way through using the gravel suction pump system.

11.

This was unsuccessful and caused our entire twin 8" suction line system to "sausage" with the mud blocking it from the nozzle to the vessel and we had to steam slowly back to the harbour, dragging our mud-clogged pipes over the seabed, in order to clear the system which took four days.

Handwritten signatures and initials in the bottom right corner of the page. There are three distinct marks: a signature that appears to be 'G. Nicolaai', a set of initials 'GT', and a large, stylized signature.

12.

I, George Travis John Nicolaai solemnly further declare in English:

13.

On 13 November 2017 we returned to Block 60 but anchored off in a new area in deeper water where over two days we produced 4 tuffbags of gravel.

14.

When the gravel was processed, 216 diamonds were recovered weighing a total of 768,56 carats, making it the biggest "Jackpot" for the past decade.

15.

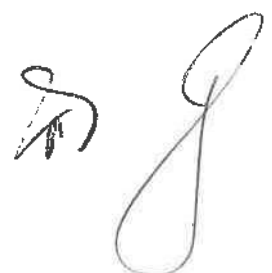
We also set a record by producing 24 specified diamonds in one wash, all weighing over 6,8carats with the largest weighing in at 60.47carats.

16.

In addition, there were 14 x +6carat stones, 13 x +5carat stones, 14 x +4carat stones and 32 x +3carat stones amongst others.

17.

My partners, Mr. Phillip Lortan and Mr. Livio Newman were present at the processing, sorting and weighing-in of the diamonds as I was tied up with other duties. This process lasted well into the night as Alexkor was working shifts to meet the deadline for the sale.



18.

I, George Travis John Nicolaai solemnly further declare in English:

19.

Because of the extremely high value of these diamonds and the deep concerns that the entire contractor fraternity has regarding the integrity of Scarlet Sky and Alexkor's lack of transparency with regard to sales data, I contacted the Alexkor PSJV management to arrange a viewing of the diamonds so I could catalogue them each by weight and photographically as I was very alive to the fact that Alexkor do not value our diamonds before they leave the mine which I believe is a deliberate omission in pursuit of facilitating theft downstream in the value chain

20.

I sent a letter via email to the mine manager, Mr. Gerone Cloete, and copied the CEO, Mr. Mervyn Carstens, the company secretary, Ms. Raygen Phillips, and the head of security, Mr. Jerry Matesela, on 17 November 2017 and again on 18 November 2017, to which I did not receive a response.

21.

On Saturday, 18 November 2017, I tried telephoning Mr. Gerone Cloete unsuccessfully and then sent him a WhatsApp message to which he first responded that he will have to get permission from the CEO and later responded with 4 low resolution photographs sent via WhatsApp.

22.

Thereafter he refused to respond to my further messages, so I attempted to contact the security manager who informed me that he was away from the mine but promised to contact me upon his return on the Sunday.

Handwritten signatures and initials in the bottom right corner of the page. There are three distinct marks: a large, stylized signature that appears to be 'B. Jh.', a smaller signature that looks like 'G.A.', and a large, vertical signature that resembles a 'J'.

23.

I, George Travis John Nicolai solemnly further declare in English:

24.

When he phoned me on the Sunday, he informed me that the CEO had refused my request.

25.

The following day, Monday, 20 November 2017, I travelled from Port Nolloth to Alexander Bay to meet with management in a desperate attempt to get permission to view our diamonds.

26.

At the meeting, Mr. Carstens refused to allow me to take my own minutes by recording the meeting but gave me an assurance that I would get a copy of the minutes from the company secretary, Ms. Raygen Phillips.

27.

Yet again, I was refused permission to view our diamonds, however I was given an undertaking by the mine manager, Mr. Gerone Cloete, that Alexkor PSJV would invite me to attend the sale.

28.

In the event, I was neither notified nor invited to the sale and neither did I receive the minutes of that meeting. Despite numerous requests to Ms. Phillips there were only excuses as to why it was not completed yet.

The block contains three handwritten signatures or initials in black ink. The top one is a cursive signature that appears to be 'G. Nicolai'. Below it are two other signatures: one on the left that looks like 'M. Cloete' and one on the right that is a large, stylized signature.

29

I, George Travis John Nicolaai solemnly further declare in English:

30.

When the diamonds were sold the prices they achieved were considerably lower than my expectations based upon my years of experience and the opinions of two independent diamantaires who I consulted and showed the photos I was sent on WhatsApp.

31.

Each of the diamantaires estimated that the price was at least 50% below fair market value based on the apparent quality indicated in the photos.

32.

It is my opinion that I was deliberately denied the opportunity to carefully photograph, weigh and catalogue each of the diamonds to prevent me from obtaining proof of the true quality of the diamonds and thereby strip me of any means by which I could challenge the poor prices.

33.

It is my opinion that the PSJV CEO, Mr. Mervyn Carstens, is part of a criminal racket set up to cheat the small-scale marine miners and Alexkor out of fair market prices by ensuring that all diamonds leave the mine without being meaningfully valued and thereby facilitating grand corruption in the diamond value chain.

34.

The 60-carat diamond we produced should have fetched a price around the \$17 000,00/carat mark but certainly no less than \$14 000,00/carat but to our great dismay we were expected to believe that the stone was sold for \$3 161,00/carat.



35

I, George Travis John Nicolaii solemnly further declare in English:

36.

There were another 13 top quality specified stones with a total weight of 146,51 carats which should have achieved prices around the \$10 000,00/carats mark.

37.

My most conservative estimated value of the parcel was R40 million but in a fair and transparent sale the parcel could have fetched a price as high as R50 million and certainly not the R20 million which Scarlet Sky sold the parcel for.

38.

I know and understand the contents of this statement.

I have objection to taking the prescribed oath.

I consider the prescribed oath not to be binding on my conscience.

GEORGE NICOLAAI

(Dutch text on the left side of the stamp is partially obscured and difficult to read)

to Port Nolloth on 2018-11-18 om 14 10

(Signature of Commissioner of Oaths)
 DANIELA WILMA CLOETE
 (SIGNATURE) KOMMISSARIS VAN EDE
 (SIGNATURE) COMMISSIONER OF OATHS

DANIELA WILMA CLOETE
 VOLLE VOORNAAM EN VAN IN DRUKKARIE
 FULL FIRST NAMES AND SURNAME IN BLOCK LETTERS

MAINROAD
 (BUSINESS ADDRESS) (STREET ADDRESS)
 BUSINESS ADDRESS (STREET ADDRESS)

PORT NOLLOTH

CS7.

SA POLISIEDIENS
 SA POLICE SERVICE



Suid-Afrikaanse Polisie
 Gemeenskaplike Sentrum
 Port Nolloth

2018-11-19 09:45
 718 7020101
 Gloria Maseti
 Hoofweg
 Port Nolloth
 Est.

R4 FOLSIERING
 2018-11-19 09:45

SUID-AFRICAANSE POLISIEDIENS
 GEMEENSKAPLIKE SENTRUM
 PORT NOLLOTH
 18 NOV 2018
 COMMUNITY SERVICE CENTRE
 PORT NOLLOTH
 SOUTH AFRICAN POLICE SERVICE

Annexure "PHB 09"

PHB 9



Mr Mervyn J Carstens
Chief Executive Officer
Alexkor RMC JV ("PSJV") Office
Orange Road
Alexander Bay
8290
South Africa

Dear Mr Carstens

**FUNDING FACILITY AND LETTER OF COMMITMENT REGARDING THE
PROVISION OF FINANCIAL RESOURCES AND OR FUNDING LINES TO
SCARLET SKY INVESTMENTS 60 (PTY) LTD ("SSI") IN RESPECT OF FUNDING
FOR THE PURCHASE OF ROUGH DIAMOND PRODUCTION TO BE
PURCHASED BY SSI FROM PSJV**

Integrated Capital Management (Pty) Ltd ("ICM") is a niche investment banking and advisory firm active in the financial services industry including in the areas of capital raising and project finance.

We refer to funding required by SSI for the purchase of the Rough Diamonds to be sold to SSI from PSJV's production from mining operations detailed in PSJV's Tender, Ref: RFP 03/14, to which SSI has submitted a proposal and of which ICM has had sight.

ICM wishes to confirm that, should SSI be successful in the award of the above tender ICM will make available the necessary financial requirements in the form of a financial funding facility, letter(s) of credit, or financial guarantee(s) or a combination of the above to a maximum value of ZAR 50m (Fifty Million Rands) or its USD equivalent on terms to be agreed between SSI and PSJV ("the parties") and to be further detailed in the comprehensive legal agreements to be signed between the parties on or about February 2015

ICM and / or its shareholders further confirm that it has previously entered in to such funding arrangements with SSI and / or its shareholders and is fully cognisant of the nature, complexity and terms and conditions of such funding commitments.

Should you have any further queries, please do not hesitate to contact me.

Yours sincerely,



Serwyn M. Nathan



Annexure "PHB 10"

OFFER TO RENT – OFFICE PREMISES

SCHEDULE

Landlord: Melrose Arch Investment Holdings (Pty) Ltd & Liberty Propco (Pty) Ltd
Registration Number: 2004/017820/07 & 2014/121142/07
Physical Address: c/o Amdec Investments (Pty) Ltd, Amdec House, Silverwood Close, Steenberg Office Park, Tokai, 7945
Email: For attention: The Legal Department
 legal@amdec.co.za

Tenant: Trillian Capital Partners (Pty) Ltd
Registration Number: 2015/111759/07
VAT Number: 4900270770
Physical Address in RSA: 23 Melrose Boulevard, 4th Floor, Melrose Arch
Contact Person & Email address: Tebogo Leballo - tebogo@tcp.co.za

Surety: Not Applicable
RSA Identity Number / Date of Birth:
Physical Address in RSA:
Email address:

Surety: Not Applicable
RSA Identity Number / Date of Birth:
Physical Address in RSA:
Email address:

The Premises

The office accommodation, balconies/mezzanine, terraces situate at Off 402E2, 23 Melrose Boulevard, Melrose Arch, Melrose North, 2196 (hereinafter collectively referred to as "the Premises"), together with storerooms and parking bays, described below.

Rental (refer Annexure B)

Basic Rental - Office Accommodation (depicted in Annexure C1)	Approximately 445 m ² @ R 135.00 /m ² plus VAT	Escalating at 8 % per annum compounded
Operating costs	Approximately 445 m ² @ R 30.00 /m ² plus VAT	Escalating at 8 % per annum compounded
Balconies/Mezzanine (depicted in Annexure C1)	Approximately _____ m² @ R _____ /m² plus VAT	Escalating at _____ % per annum compounded
Terraces (depicted in Annexure C1)	Approximately _____ m² @ R _____ /m² plus VAT	Escalating at _____ % per annum compounded
Storerooms (depicted in Annexure C2)	Approximately _____ m² @ R _____ /m² plus VAT	Escalating at _____ % per annum compounded
Parking Bay/s	70 Bay/s @ R 1 000.00 per bay plus VAT	Escalating at 8 % per annum compounded

Tenant Installation Allowance (more fully described in clause 12 below) Approximately 445 m² @ R 1000.00 /m² plus VAT

Lease Period

Commencement Date: 1 May 2016
Beneficial occupation date: 1 April 2016
Number of days prior to Commencement Date that Premises is available for Tenant fit-out: 30 Days
Termination Date: 28 February 2021
Lease Period: 4 years 9 months


 INITIAL HERE: 

1. PREAMBLE

- 1.1 The Landlord jointly owns the property of which the Premises forms a part, each holding the following undivided share therein:
- 1.1.1 75% (seventy five percent) – Melrose Arch Investment Holdings (Pty) Ltd; and
- 1.1.2 25% (twenty five percent) – Liberty Propco (Pty) Ltd
- 1.2 The Landlord has for practical considerations and administrative purposes, created *The Melrose Arch Joint Venture* (VAT number 4730270404), an unincorporated joint venture, to *inter alia* receive rental and other charges due to the landlord in terms of this Offer.
- 1.3 Amdec Investments (Pty) Ltd, Registration number 2004/030569/07, has been appointed as managing agent for the landlord to manage the relationship with its tenants.

2. OFFER TO RENT

The Tenant herein represented by Tebogo Letallo in his/her capacity as a Chief financial Officer of the Tenant, who by his/her signature hereto warrants that he/she is authorised by the Tenant to make this offer to rent ("the Offer") and subsequently to enter into the Landlord's standard Lease Agreement ("the Lease") in respect of the Premises, hereby irrevocably offers to lease from the Landlord the Premises, subject to the terms and conditions contained in this Offer, to be incorporated and expanded (where required) in the Lease.

3. LEASE PERIOD



This Offer shall commence on the Commencement Dates set out in the schedule above and shall, subject to the provisions of this Offer, endure for the Lease Periods set out in the schedule above.

4. RENTAL AND OTHER CHARGES

- 4.1 All amounts due in terms of this Offer shall be paid directly into the Landlord's nominated banking account, in advance on or before the first day of each and every month without deduction or set-off and free of exchange or bank charges and shall be as set out in the schedule above initially and thereafter as described in Annexure B hereto. Interest on late payments will be charged at the prime bank overdraft rate of interest plus 3% (three per cent) per annum, compounded monthly.
- 4.2 In addition to the charges set out in the Schedule, the Tenant shall on demand, pay to the Landlord all costs, together with the attributable Value-Added Tax, in respect of:
- 4.2.1 **Assessment Rates and Taxes** as levied by the Local Authority from time to time, subject to any actual escalation in the rate levied by the Local Authority and charged to the Premises from time to time;
- 4.2.2 **Property Owners Association Levies** as levied by the Melrose Arch Property Owners Association from time to time, subject to any actual escalation in the levies raised by the Melrose Arch Property Owners Association and charged to the Premises from time to time; and
- 4.2.3 **Service Charges**, including but not necessarily limited to electric current, water, gas (if applicable), chilled water for air conditioning consumed or used on the Premises and the sanitary, the sewage, common area cleaning and refuse removal fees levied from time to time in respect of the Premises and any actual increase to the Service Charges from time to time. Should any of the Service Charges be levied in respect of the building as opposed to the Premises, then the Tenant shall pay a pro-rata share levied on or in respect of the building either in accordance with the sub-meter installed on the Premises, or in accordance with the proportion which the rentable area of the Premises bears to the total rentable area of the building.

5. COSTS

- 5.1 The Tenant shall, upon acceptance of this Offer by the Landlord, be liable for the payment of the cost and preparation of this Offer in the amount of R2,100.00 (two thousand one hundred rand) plus VAT ("the lease fee").

 INITIAL HERE: 

- 5.2. The Tenant acknowledges that coded access cards are required in order to gain access to the parking bays. As such an issuing fee of R200.00 (two hundred rand) plus VAT per coded access card shall be payable by the Tenant to the Landlord.

6. SECURITY

- 6.1. As security for the Tenant's obligations in terms of this Offer:

- 6.1.1. The Tenant shall, upon acceptance of this Offer by the Landlord, furnish to the Landlord a cash deposit or bank guarantee for an amount of R 527 752.00 (five hundred and twenty seven thousand seven hundred and fifty two rand) provided that the bank guarantee shall be irrevocable and further in the form of the draft guarantee attached hereto as Annexure D. The Tenant shall not be entitled to take occupation of the Premises unless the deposit has been so paid or secured to the satisfaction of the Landlord.
- 6.1.2. The sureties set out in the schedule above shall, simultaneously with the signature of this Offer by the Tenant, enter into the Landlord's standard Deed of Suretyship in the form attached hereto as Annexure E.
- 6.1.3. The Landlord shall retain the Tenant's cash deposit or bank guarantee until such time as the Tenant has vacated the Premises and all the Tenant's obligations arising in terms of this Offer have been fulfilled. The Landlord shall be entitled to apply the whole or any part of the cash deposit or bank guarantee towards any amount due and owing by the Tenant in terms of this Offer, whereafter the Landlord shall repay to the Tenant the cash deposit or any part thereof not so applied or return to the Tenant the bank guarantee.

7. PURPOSE FOR WHICH PREMISES ARE LET




- 7.1. The Premises shall be used only for the purposes of offices and administration.
- 7.2. The Tenant shall obtain any licences and permits and authorities required for the lawful conduct of its business on the Premises and if it is unable to do so, it shall have no right to terminate this Offer or to vary its obligations under this Offer.

8. INSURANCE

- 8.1. The Tenant shall, with effect from the Commencement Date (or the Beneficial Occupation date, if applicable) take out and maintain:-
- 8.1.1. fully comprehensive insurance cover in respect of the Premises, including but not limited to insurance cover in respect of any loss or damage (howsoever caused) to any windows in the Premises, all fixtures, fittings and all movable items/goods in/on the Premises; and
- 8.1.2. public liability insurance in the amount of R10,000,000.00 (ten million rand).
- 8.2. The Tenant undertakes to provide proof of such insurance policy(ies) to the Landlord immediately upon request received from the Landlord.

9. MAINTENANCE

- 9.1. The Tenant shall notify the Landlord within 14 (fourteen) days from the Beneficial Occupation Date of any structural defects in the Premises or of any keys, locks, windows, sewage pans, basins, electrical installations and/or fittings which are in a defective state or are missing and the absence of such notice shall constitute *prima facie* proof of the absence of any defects or missing articles and the good condition of the Premises.
- 9.2. The Tenant shall, at its own expense, maintain the interior of the Premises (which shall include but not be limited to windows and window frames, both internal and external, doors, both internal and external, door frames and balconies) in good order and repair.



 INITIAL HERE: 

10. EXCLUSION OF LIABILITY

Neither the Landlord, nor any of its directors, agents, employees or servants shall be liable for personal injury to, or death of any person or loss of or damage to property of any nature whatsoever or howsoever arising in the Premises, the building or on the property, save by reason of the gross negligence or wilful misconduct of the Landlord.

11. MELROSE ARCH PROPERTY OWNERS' ASSOCIATION

The Landlord is a member of the Melrose Arch Property Owners' Association, being a non-profit company as envisaged in the Companies Act 71 of 2008. The Tenant acknowledges and agrees that the Property Owners' Association shall be entitled to issue, from time to time, rules and regulations by which the Tenant shall (and hereby warrants) to be bound. A copy of the existing rules and regulations shall be made available to the Tenant on written request.

12. TENANT INSTALLATION ALLOWANCE AND FIT-OUT WORKS

- 12.1. If applicable and notwithstanding the Commencement Date, the Landlord shall provide the Tenant with access to the Premises on the Beneficial Occupation date set out above, for the purpose of enabling the Tenant to undertake the Tenant fit-out works only. The Tenant may undertake the Tenant fit-out works provided that:-
- 12.1.1. such fit-out works are undertaken in accordance with the Landlord's standard tenant criteria document, a copy of which has been made available to the Tenant and which document the Tenant undertakes to sign simultaneously with signature by the Tenant of this Offer; and
 - 12.1.2. the Tenant obtains the Landlord's prior written approval for the specifications and plans in respect of the Tenant fit-out works; and
 - 12.1.3. the Tenant fit-out is of no lesser quality than the South African Property Owners Association ("SAPOA") prime grade; and
 - 12.1.4. The Tenant has signed the Lease, paid or secured the deposit and paid the lease fee.
- 12.2. If applicable, the Landlord shall grant to the Tenant a Tenant Installation Allowance in the amount referred to in the schedule (plus VAT) ("the contribution"), being a contribution by the Landlord towards the Tenant's installation costs in respect of the Premises.
- 12.3. The contribution to the Tenant for fitting out of the Premises may be utilized for fixtures and fittings (building improvements) only and may not be put towards tenant specific items (i.e.: furniture, data cabling, etc.). All and any costs over and above the contribution amount shall be for the Tenant's direct account.
- 12.4. The amount of the contribution or such lesser amount as envisaged in clause 12.4.4 below shall be credited to the Tenant's monthly rental statement within 30 (thirty) days from the date of presentation by the Tenant to the Landlord of an invoice and statement of account reflecting the amount due together with supporting invoices from suppliers, provided that:
- 12.4.1. the Lease has already commenced and all charges (including the deposit, first month's rental and lease fee) due have been paid; and
 - 12.4.2. the Tenant fit-out has been completed and approved in writing by the Landlord;
 - 12.4.3. the Tenant has provided the Landlord with the certificates of compliance listed in clause 21 below; and
 - 12.4.4. the Landlord's quantity surveyor has certified to the Landlord that the value of the Tenant fit-out works is equal to or greater than the contribution. Should such valuation by the Landlord's quantity surveyor be less than the contribution, the contribution shall be limited to the amount of such valuation.

 INITIAL HERE: 

- 12.5. The provisions of clause 12.4 above shall constitute a method of payment of the contribution by the Landlord as set-off only and shall in no way amount to or be construed as a waiver by the Landlord of its right to rental, costs and/or charges as envisaged in this Offer nor shall it entitle the Tenant to withhold, deduct from or set-off against any of its rental obligations in terms of this Offer for any reason whatsoever, save as provided for in this clause 12.
- 12.6. Should this Offer be terminated for any reason whatsoever or should the Tenant vacate the Premises for any reason whatsoever then the Tenant undertakes to reimburse the Landlord on demand for the said contribution on a pro-rata basis, calculated on the outstanding Lease Period, i.e. calculated from the date of termination or vacation by the Tenant to the Termination Date as set out in the schedule above.

13. CESSION, SUB-LETTING AND SALE

The Tenant shall not, without the prior written consent of the Landlord, which consent shall not be unreasonably withheld, cede or assign any of its rights or delegate any of its obligations in terms of this Offer or sub-let the whole or any part of the Premises. In addition, save for a company listed on the stock exchange, no shares or members' interest in the Tenant shall be transferred from the present shareholders or members without the Landlord's prior written consent.

14. BREACH

- 14.1. Should the Tenant:-

14.1.1. fail to pay any amount due in terms hereof; or

14.1.2. breach any other provisions hereof and fail to remedy such breach within 7 (seven) days after notice has been given to the Tenant requiring the Tenant to remedy such breach,

then the Landlord shall be entitled, without prejudice to any other rights envisaged in this Offer or available to the Landlord at law, to cancel this Offer, attach the assets on the Premises and retake possession of the Premises, or to claim specific performance from the Tenant, as well as to claim damages arising from the Tenant's breach.

15. COMMISSION

- 15.1. On signature of the Lease by the party signing last in time and provided the Landlord is in receipt of the Tenant's deposit and a formal handover of the Premises to the Tenant has been conducted, the Landlord shall be liable for the payment of commission to Amdec Investments (Pty) Ltd (the Agent) in accordance with the [previously recommended] SAPOA tariff. No commission will be payable on any Lease renewals or on any additional space taken during the course of the Lease Period.
- 15.2. The Agent shall have no claim against the Landlord for commission until such time as the provisions of clause 15.1 above have been fulfilled.
- 15.3. Should the Offer or Lease be cancelled through default of the Tenant, the Tenant automatically assumes the Landlord's obligations for commission without recourse and the Agent shall be entitled to recover such commission from the Tenant.
- 15.4. The Tenant hereby agrees that the Agent introduced the Tenant to the Premises and that the Agent is the sole effective cause of the Offer / Lease. The Tenant accordingly indemnifies the Landlord against any claim by any other agent for commission arising from the lease of the Premises by the Tenant.

16. OCCUPATION AND POSSESSION

- 16.1. The Tenant shall not, without the prior written consent of the Landlord, be allowed to take occupation and/or possession of the Premises until the Tenant has furnished to the Landlord the following:
- 16.1.1. the original Lease duly signed by the Tenant;
- 16.1.2. the Deed of Suretyship (if any);
- 16.1.3. Credit Clearance Details;
- 16.1.4. Rental Debit Order Authorisation (if applicable);



INITIAL HERE: 

- 16.1.5. payment of the cash deposit or the original bank guarantee referred to in clause 6.1.1 above;
- 16.1.6. the relevant specifications and plans in respect of the Tenant fit-out works referred to in clause 12.1.1 above,

(hereinafter collectively referred to as ("the Documentation").

- 16.2. Should the Tenant fail to provide the Documentation or any part thereof timeously and/or fail to execute the Lease timeously, or at all, then in any such event (hereafter referred to as "the omission"), the Landlord shall, without prejudice to any of its rights in terms of this Offer and/or the Lease, be entitled to charge the Tenant a penalty of R10,000.00 (ten thousand rand) per month or part thereof in respect of each omission until such time as the omission is rectified by the Tenant.
- 16.3. Should the Tenant take occupation and/or possession of the Premises without the Landlord's written consent:
- 16.3.1. prior to having delivered to the Landlord the Documentation; and/or
- 16.3.2. should the Tenant fail to pay any amount due by it in terms of this Offer; and/or
- 16.3.3. the Tenant commits any other breach hereof,

then, and on the happening of any such event, the Landlord shall have the right, without prejudice to and in addition to any other rights which it may have at law and in its sole discretion, either to cancel this Offer and/or the Lease (as the case may be) and to retake possession of the Premises without prejudice to its claim for arrear rental and/or damages which it may have suffered by reason of the Tenant's breach.

17. ACCEPTANCE

- 17.1. This Offer shall be irrevocable until 30 April 2016 and shall, upon acceptance of this Offer by the Landlord, give rise to a binding contract of lease between the parties.
- 17.2. As soon as reasonably possible following the Landlord's acceptance of this Offer, the parties will execute a written Lease in terms of the Landlord's standard terms and conditions. The Lease shall incorporate (and expand where necessary) the provisions set out in this Offer. Once the Lease is executed by the Tenant it will supersede and replace this Offer but until such time the provisions of this Offer shall govern the relationship between the parties.

18. COMPLIANCE WITH LEGISLATION

- 18.1. The Landlord is required by legislation (the Prevention of Organized Crime Act, 1998 and the Financial Intelligence Centre Act, 2001), to establish the true identity and authority of its tenants. In accordance with this legislation, the Landlord requires of the Tenant delivery of all the documents requested herein, to be certified as a true copy by a Commissioner of Oaths, on acceptance of the Offer. The Tenant warrants to and for the benefit of the Landlord that it complies with this legislation and shall provide to the Landlord the following:
- 18.1.1. a Commissioner of Oaths Certified Copy of all Company/Close Corporation/Trust documentation of the Tenant;
- 18.1.2. a Certified Copy of the Identification Document and Marriage Certificate in respect of all individuals, directors of companies, members of close corporations and trustees and beneficiaries of trusts;
- 18.1.3. the VAT registration number of any of the above entities, verified by an original, or Commissioner of Oaths Certified Copy, of a document issued by SARS reflecting the VAT number;
- 18.1.4. the Tax registration number of all entities and individuals referred to above, verified by an original, or Commissioner of Oaths Certified Copy, of a document issued by SARS reflecting the tax number;

INITIAL HERE: 

18.1.5. a utility bill of the Tenant, not more than 3 (three) months old;

18.1.6. a letterhead of the Tenant.

19. CREDIT CLEARANCE AND DEBIT ORDER AUTHORITY

- 19.1. As a material term of this Offer, the Tenant shall complete and lodge with the Landlord together with the Tenant's written acceptance of this Offer, the duly completed Credit Clearance Details stipulated in Annexure A hereto and a Rental Debit Order Authorisation duly signed by the Tenant or its duly authorised representative.
- 19.2. Furthermore, the Tenant shall supply the Landlord, on demand, with a new Rental Debit Order Authorisation (from time to time) when the monthly limit provided for in the then current Rental Debit Order Authorisation in force has to be replaced, to allow for any increase in such limit howsoever arising.
- 19.3. The Tenant irrevocably consents to the Landlord requesting credit verification for all purposes necessary in terms of this Offer.

20. CONFIDENTIALITY

Notwithstanding the cancellation or termination of this Offer for any reason whatsoever, neither party shall, at any time after the conclusion of this Offer, disclose to any person or use in any manner whatsoever the other party's confidential information or the existence and contents of this Offer.

21. CERTIFICATES OF COMPLIANCE

- 21.1. It is specifically recorded and the Tenant acknowledges and agrees that, in the event of the Tenant undertaking any Tenant fit-out works in respect of the Premises, the Tenant shall, at the Tenant's own cost and expense, be liable to obtain the following certificates and undertakes to furnish same to the Landlord forthwith following the Commencement Date:
- 21.1.1. an occupancy certificate from the City of Johannesburg;
- 21.1.2. an electrical compliance certificate issued by an electrical contractor in terms of the Electrical Installations Regulation No. R2920 in the Government Gazette No. 14350;
- 21.1.3. an air-conditioning compliance certificate issued by duly qualified heating, ventilation, and air conditioning systems ("HVAC") engineer;
- 21.1.4. fire equipment and fire detection certificate issued by a duly qualified fire consultant together with fire clearance drawings (duly stamped by the City of Johannesburg Fire Department); and
- 21.1.5. a plumbing certificate issued by a duly qualified plumber..

22. GENERAL

- 22.1. This Offer constitutes the whole agreement between the parties and no warranties or representation whether express or implied shall be binding on the parties other than as recorded herein.
- 22.2. Any agreement to vary this Offer shall be in writing and signed by the parties.
- 22.3. In addition to the aforementioned, no renewal of the Lease and/or exercising of any option to renew, shall be valid unless reduced to writing and signed by the Landlord and the Tenant.
- 22.4. Any reference herein to "signed" by a party or parties shall specifically exclude all forms of electronic signatures as defined and/or envisaged in the Electronic Communications and Transactions Act 25/2002.
- 22.5. No relaxation or indulgence which the Landlord may show to the Tenant shall in any way prejudice the Landlord's rights or operate as a waiver or abandonment thereof.
- 22.6. The parties choose *domicilium citandi et executandi* for all purposes under this Offer the respective addresses as recorded in the schedule.

INITIAL HERE:

Office Offer to Rent
Version 2016.01.08

SIGNED AT Melrose Arch ON THIS 7 DAY OF April 2015 77.

Tebogo
TENANT

Print Name: Tebogo Leballo

(duly authorised hereto)

WITNESS:
[Signature]

SIGNED AT _____ ON THIS _____ DAY OF _____ 2015

LANDLORD

JAMES ALEXANDER WILSON / JOHANNES DE BEER
For Amdec Investments (Pty) Ltd, being the Landlord's
duly authorised agent

WITNESS:

[Signature] [Signature]

INITIAL HERE:

Page 8 of 8 77

ANNEXURE "A"

CREDIT CLEARANCE DETAILS

I, the undersigned, hereby consent to the Landlord obtaining and using personal information relating to my/the Tenant's financial position, which information may be obtained from a private credit bureau (such as ITC) or similar organisation.




Company Name	K2015111759 (Pty) Ltd		
Company Registration No	2015/11759/07		
Company VAT No	4900270770		
Full name of authorised signatory	Clive Angel		
Identity Number of authorised signatory			
Contact Numbers	T 010 594 3999	C 082 921 3933	F N/A
E-mail Address	clive@integratedcapital.co.za		
Bankers	FNB		
Branch			
Account No	62561760044		
Full names, Identity Numbers and residential addresses of all directors / members			
1. Vivendran Chettiar	2.		
ID: 720928 5226 08 0			
Address: 181 Arkansas Road			
Barario, Randburg			
2194			
3.	4.		
Company name, contact and telephone number of 3 (three) trade references			
	1. Selwyn Nathan		
	082 999 9992		
	2. Wayne Tichauer		
	011 442 6623		
	3. Integrated Capital Management		
	010 594 3999		
Current physical business address, contact name and telephone number	Unit 1, 3 Melrose Boulevard		
	Melrose Arch		
Name, contact and telephone number of present landlord	Integrated Capital Management		
	Marc Chipkin		
	010 594 3999		



 Authorised Signatory

2/4/2016

 Date

 
 INITIAL HERE: 

ANNEXURE "B"

Basic Rental - Office Accommodation

Period from	Period to	Monthly rental	VAT	Total rental
01 May 2016	28 February 2017	R 60 075.00	R 8 410.50	R 68 485.50
01 March 2017	28 February 2018	R 64 881.00	R 9 083.34	R 73 964.34
01 March 2018	28 February 2019	R 70 071.48	R 9 810.01	R 79 881.49
01 March 2019	29 February 2020	R 75 677.20	R 10 594.81	R 86 272.01
01 March 2020	28 February 2021	R 81 731.37	R 11 442.39	R 93 173.77

Operating Costs

Period from	Period to	Monthly Operating Costs	VAT	Total Operating Costs
01 May 2016	28 February 2017	R 13 350.00	R 1 869.00	R 15 219.00
01 March 2017	28 February 2018	R 14 418.00	R 2 018.52	R 16 436.52
01 March 2018	28 February 2019	R 15 571.44	R 2 180.00	R 17 751.44
01 March 2019	29 February 2020	R 16 817.16	R 2 354.40	R 19 171.56
01 March 2020	28 February 2021	R 18 162.53	R 2 542.75	R 20 705.28

~~**Balconies/Mezzanine**~~

Period from	Period to	Monthly rental	VAT	Total rental

~~**Terraces**~~

Period from	Period to	Monthly rental	VAT	Total rental

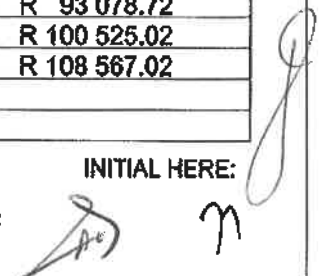
~~**Storeroom/s**~~

Period from	Period to	Monthly rental	VAT	Total rental

Parking Bay/s

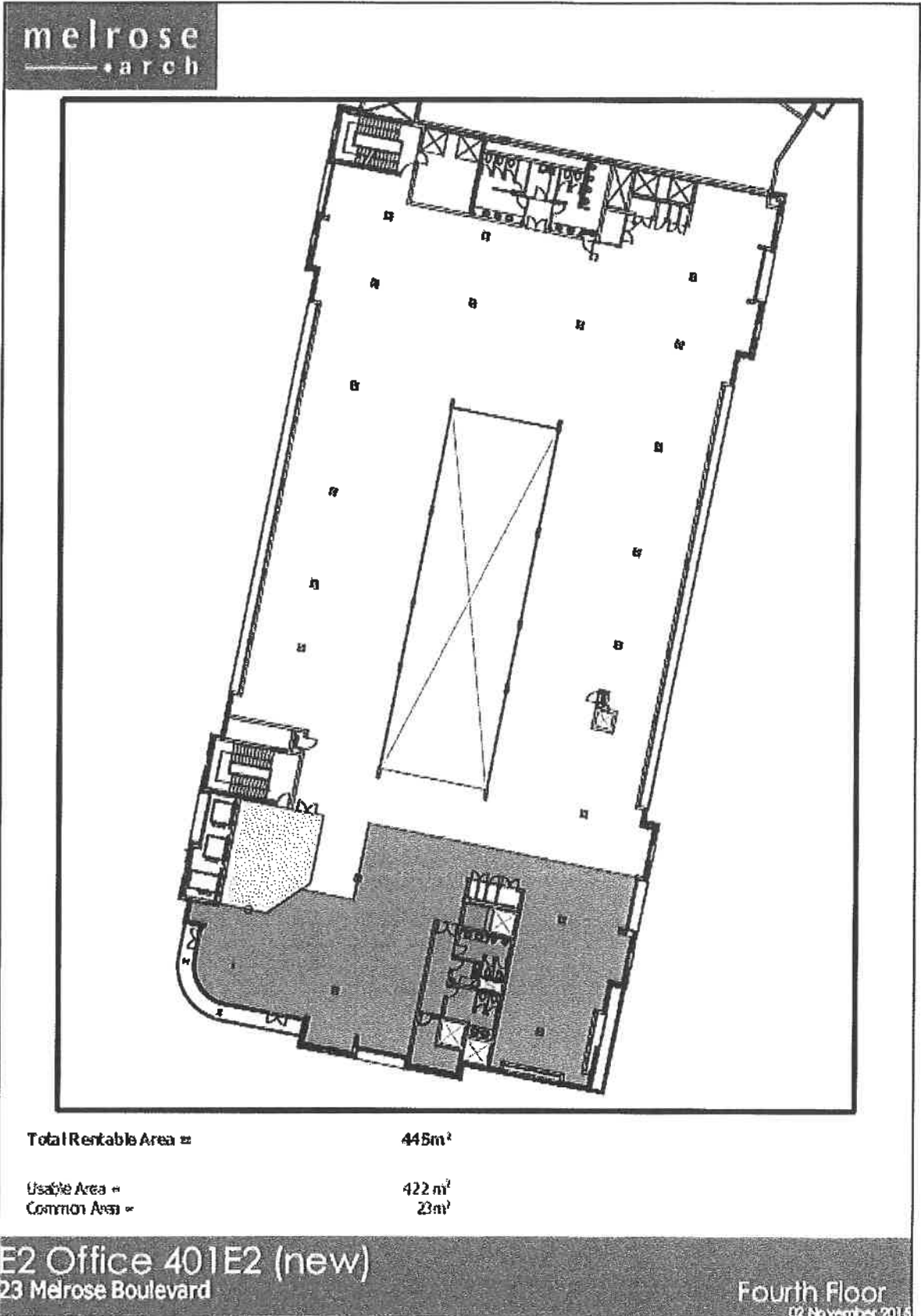
Period from	Period to	Monthly rental	VAT	Total rental
01 May 2016	28 February 2017	R 70 000.00	R 9 800.00	R 79 800.00
01 March 2017	28 February 2018	R 75 800.00	R 10 584.00	R 86 184.00
01 March 2018	28 February 2019	R 81 648.00	R 11 430.72	R 93 078.72
01 March 2019	29 February 2020	R 88 179.84	R 12 345.18	R 100 525.02
01 March 2020	28 February 2021	R 95 234.23	R 13 332.80	R 108 567.02

INITIAL HERE:



ANNEXURE "C1"

PLAN OF PREMISES



INITIAL HERE: *[Handwritten initials]*

ANNEXURE "C2"

PLAN OF STOREROOM/S

Not Applicable



INITIAL HERE:



ANNEXURE "D"

STANDARD GUARANTEE IN LIEU OF DEPOSIT
(to be provided by a registered commercial bank or other
financial institution acceptable to the Landlord)

To: Melrose Arch Investment Holdings (Pty) Ltd & Liberty Propco (Pty) Ltd
c/o Amdec Investments (Pty) Ltd Amdec House Silverwood Close
Steenberg Office Park Tokai 7945

Dear Sirs,

AGREEMENT OF LEASE BETWEEN MELROSE ARCH INVESTMENT HOLDINGS (PTY) LTD & LIBERTY PROPCO (PTY) LTD ("LANDLORD") AND K2015111759 (Pty) Ltd ("TENANT") IN RESPECT OF OFFICE 401E2, 4TH FLOOR, 23 MELROSE BOULEVARD, MELROSE ARCH ("PREMISES") SITUATE ON ERF 181 MELROSE TOWNSHIP, REGISTRATION DIVISION I.R., THE PROVINCE OF GAUTENG ("THE LEASE")

We hereby undertake to pay you an amount not exceeding R 527 752.00 (five hundred and twenty seven thousand seven hundred and fifty two rand) free of exchange and without deduction at Johannesburg, upon written advice from the Landlord that such amount is due and payable to the Landlord in terms of the lease.

This guarantee shall be irrevocable for a period of 3 (three) months after the termination of the lease or the termination of any extension thereof.

If the Landlord terminates the lease during the currency of the lease due to a breach of the lease by the Tenant, this guarantee shall not be revoked for a period of 12 (twelve) months after the date upon which the Landlord terminates the lease. During such period, and upon written demand from the Landlord, we shall pay the aforesaid sum to the Landlord.

This guarantee shall be a continuing covering security for the amount referred to above and shall be returned to us upon expiry hereof. This guarantee may be ceded and transferred to any purchaser of the Premises, on written notice to us.

Yours faithfully



INITIAL HERE: 

ANNEXURE "E"

DEED OF SURETYSHIP

1. ~~We, the undersigned,~~

~~NAME: _____
PSA IDENTITY NUMBER / DATE OF BIRTH: _____
PHYSICAL ADDRESS IN RCA: _____
EMAIL ADDRESS: _____~~

~~and _____~~

~~NAME: _____
RCA IDENTITY NUMBER / DATE OF BIRTH: _____
PHYSICAL ADDRESS IN RCA: _____
EMAIL ADDRESS: _____~~

~~do each hereby bind ourselves, jointly and severally to Melrose Arch Investment Holdings (Pty) Ltd (Registration Number 2004/047820/07) & Liberty Properties (Pty) Ltd (Registration Number 2014/424142/07) (jointly "the creditor"), its successors in title and assigns, as sureties for and as principal debtors in solidum with _____ (Registration number _____) ("the principal debtor") for the due and punctual payment and performance by the principal debtor of all debts and obligations of whatever nature and however arising which the principal debtor may now or in the future owe to the creditor arising directly or indirectly out of and/or pursuant to _____~~

~~1.1 the Offer to Lease concluded between the creditor and the principal debtor, during _____ to which this suretyship is Annexure "E"; or~~

~~1.2 the standard Lease, to the extent that the standard Lease supersedes and replaces the Offer, in the manner contemplated in 17.2 of the Offer,~~

~~[Collectively hereinafter referred to as "the Lease"],~~

~~1.3 any breach by the principal debtor of any of the provisions of the Lease; and/or~~

~~1.4 any breach of any warranty given by the principal debtor to the creditor in terms of the Lease,~~

~~[all of which debts and obligations are hereinafter collectively referred to as "the obligations"]~~

2. ~~As part of our liability in terms hereof, we bind ourselves as aforesaid to pay the amount of all costs, charges and expenses of whatsoever nature including, but without derogating from the generality of the foregoing, tracing costs, collection commission and legal costs as between attorney and own client incurred by the creditor in securing or endeavouring to secure fulfilment of the obligations of the principal debtor as well as our obligations hereunder.~~

3. ~~The rights of the creditor under this suretyship shall in no way be affected or diminished if the creditor at any time obtains additional suretyships, guarantees, securities or indemnities in connection with the obligations of the principal debtor.~~

4. ~~Notwithstanding that this suretyship may _____~~

~~4.1 for any reason whatsoever be held to be or become not binding in whole or in part upon any one or more of us; and~~

~~4.2 not be signed by any one or more of us,~~

~~_____ it shall be and remain of full force and effect and binding upon the others of us.~~


INITIAL HERE: _____

- ~~5. This suretyship shall remain in full force and effect notwithstanding~~
- ~~5.1 any fluctuation in or temporary extinction for any period whatever of the obligations, or~~
- ~~5.2 the death or sequestration/liquidation of any one or more of us or any one or more of us suffering legal disability/incapacity,~~
- ~~until such time as the obligations have been discharged in full~~
6. ~~We shall be bound by all admissions and acknowledgements of indebtedness made or given at any time by the principal debtor to the creditor now or in the future in regard to any of the obligations.~~
7. ~~No alteration, variation or revocation of any present or future agreement between the principal debtor and the creditor shall in any way release us from our liability hereunder.~~
8. ~~The creditor shall be entitled, whether before or after the due dates for payment or performance of the obligations, without reference or notification to us, without affecting its rights hereunder and without releasing any surety hereunder, to~~
- ~~8.1 release any other sureties and securities;~~
- ~~8.2 grant the principal debtor extensions of time for payment, and/or~~
- ~~8.3 compound or to make any other arrangements with the principal debtor for the discharge of the principal debtor's indebtedness.~~
9. ~~The creditor shall further be entitled, without reference or notification to us, to release any one or more of us from our obligations hereunder in whole or in part, without affecting the rights of the creditor against the others of us and without reducing the liability of the others of us in terms hereof.~~
10. ~~Should the principal debtor be wound up, placed in liquidation or under business rescue, or submit an offer of compromise or of composition, or a scheme of arrangement in terms of any company or insolvency law, or in terms of the common law the creditor shall be entitled to accept any~~
- ~~10.1 dividends in such event on account and in reduction of the principal debtor's indebtedness;~~
- ~~10.2 other securities, guarantees or suretyships arising out of any such event.~~
11. ~~We hereby warrant to the creditor that we have a material interest in binding ourselves in terms of this suretyship which is entered into for our benefit~~
12. ~~Should the principal debtor fail to discharge any of the obligations on due date, the creditor shall be entitled notwithstanding any contrary arrangement with the principal debtor, to demand from us immediate performance of all the obligations then due and owing by the principal debtor to the creditor.~~
13. ~~We hereby renounce the benefits of the legal exceptions "non causa debiti", "error calculi", "excusatio", "divisio", "de duobus vel pluribus reis debendi", "no value received", "cessio in action" and "revisio of accounts", the meaning and effects of which we declare ourselves to be fully acquainted~~
14. ~~We hereby agree and consent that the creditor shall, at its option, be entitled to institute any legal proceedings which may arise out of or in connection with this deed of suretyship, at the election of the creditor, in~~
- ~~14.1 any magistrate's court having jurisdiction, notwithstanding the fact that the claim or value of the matter in dispute might exceed the jurisdiction of such magistrate's court; or~~
- ~~14.2 the South Gauteng High Court of South Africa, to which jurisdiction we hereby consent.~~
15. ~~We hereby choose *domilium citandi et executandi* at the address set out in clause 1 above at which address all notices and communications may be addressed to us and all notices addressed to us at the said address.~~

INITIAL HERE: 

~~15.1 Unless the contrary is proved, any notice given in terms of this Agreement shall be in writing and shall~~

~~15.1.1 if delivered by hand be deemed to have been duly received by the addressee on the time of delivery;~~

~~15.1.2 if posted by prepaid registered post be deemed to have been received by the addressee on the 8th (eighth) day following the date of such posting;~~

~~15.1.3 if given by email be deemed to have been received within 1 (one) hour of transmission where it is transmitted during normal business hours of the receiving instrument and within 4 (four) hours of the commencement of the following business day if transmitted outside those business hours;~~

~~15.2 Notwithstanding anything to the contrary herein contained a written notice or communication actually received by us shall be an adequate written notice or communication to us notwithstanding that it was sent via email and/or not sent to or delivered at our chosen demilellum address of our outcall.~~

16. ~~A certificate under the hand of the auditors of the creditor as to the existence and amount of the indebtedness of the principal debtor and of ourselves to the creditor at any time, as to the fact that such amount is due and payable, the amount of interest accrued due thereon and the rate of interest applicable thereto and as to any other fact, matter or thing relating to the indebtedness of the principal debtor and of ourselves to the creditor shall be prima facie proof of the contents and correctness thereof and the amount of our indebtedness hereunder for the purpose of provisional sentences or summary judgment or any other proceedings against us in any competent court shall be valid as a liquid document for those purposes. It shall not be necessary to prove the appointment of the person signing any such certificate.~~

17. ~~Each provision in this suretyship is severable the one from the other and if any provision is found by any competent court to be defective or unenforceable for any reason whatsoever, the remaining provisions shall be of full force and effect and continue to be of full force and effect.~~

18. ~~In this suretyship, unless the context clearly indicates a contrary intention, an expression which denotes the singular includes the plural and vice versa.~~

19. ~~In the event that provision is made for the signature hereof by more than one surety, the liability of the signatories in terms hereof shall in no way be affected, diminished or extinguished if any surety or sureties fail to sign this suretyship.~~




20. ~~We acknowledge and confirm that this deed of suretyship was duly filled out and completed in all respects before it was executed by us.~~

Signed at _____ on _____ 2015 _____

WITNESS _____ Surety 1 _____

Signed at _____ on _____ 2015 _____

WITNESS _____ Surety 2 _____

 
INITIAL HERE: 

ANNEXURE "F"

TENANT'S RESOLUTION

RESOLUTION OF THE DIRECTORS/MEMBERS* OF _____,
REGISTRATION NUMBER _____ ("the company")

EFFECTIVE AS FROM _____

RESOLVED THAT _____

1. ~~the company enters into a lease agreement with MELROSE ARCH INVESTMENT HOLDINGS (PTY) LTD & LIBERTY PROPOS (PTY) LTD ("landlord") in terms of which the landlord lets and the company hires OFFICE MELROSE ARCH, situated on ERF 101 MELROSE TOWNSHIP, REGISTRATION DIVISION I.R., THE PROVINCE OF GAUTENG together with () UNALLOCATED PARKING BAYS on the terms and conditions contained in the lease tabled at the meeting.~~

2. _____ be and is hereby authorized to do all such things and sign all such documents to give effect to the transaction referred to in 1.

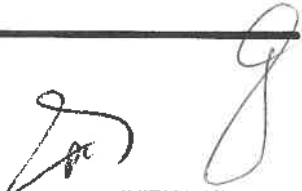

Print name: _____ Print name: _____
Director / Member* _____ Director / Member* _____
Date: _____ Date: _____

Print name: _____ Print name: _____
Director / Member* _____ Director / Member* _____
Date: _____ Date: _____

Print name: _____ Print name: _____
Director / Member* _____ Director / Member* _____
Date: _____ Date: _____

Print name: _____ Print name: _____
Director / Member* _____ Director / Member* _____
Date: _____ Date: _____

* Delete whichever is not applicable.


INITIAL HERE: 

Annexure "PHB 12"

9/16/2018

amaBhungane and Scorpio #GuptaLeaks: A tale of two captures – Alexkor, Gupta Inc and 'WMC' | Daily Maverick

PHB 12

SOUTH AFRICA (HTTPS://WWW.DAILYMAVERICK.CO.ZA/SECTION/SOUTH-AFRICA/)

amaBhungane and Scorpio #GuptaLeaks: A tale of two captures – Alexkor, Gupta Inc and 'WMC'

By amaBhungane & Scorpio • 13 December 2017



© Greg Marinovich

877 Reactions

The legendary Grootslang of the Richtersveld is a primordial cross between an elephant and a snake. Now the Richtersveld seems beset by the massive dominance, on the one hand, of the Alexkor elephant and, on the other, by a shelf-company whose corporate coils seem to lead back inexorably to the Guptas. And in the background lurks the presence of a Grootslang that survived: Trans Hex, the company controlled by that old giant of White Monopoly Capital, Christo Wiese. By AMABHUNGANE and SCORPIO.

Follow

Save

There's a legendary creature that inhabits the Richtersveld, the land of deserts and diamonds along South Africa's north-west coast.

The Grootslang, a primordial cross between an elephant and a snake, is both wily and deadly and guards a cave filled with gems, dispatching unwary treasure-hunters either with guile or overwhelming power.

9/16/2018

amaBhungane and Scorpio #GuptaLeaks: A tale of two captures – Alexkor, Gupta Inc and 'WMC' | Daily Maverick


The myth might be a metaphor for Alexkor and the “resource curse” that the state-owned diamond company presides over.

In 2007, the Land Claims Court awarded the Richtersvelders land and mining rights expropriated by the state during the colonial era – including the diamond-rich area controlled by Alexkor.

Under a settlement agreement with the state, the assets were consolidated in a community trust structure for the Richtersveld Sida Hub Communal Property Association (CPA).

The community acquired rights to mine diamonds on the land while Alexkor retained its rights to diamonds on the seabed. Both onshore and offshore rights were pooled in a joint venture company owned 51% by Alexkor and 49% by the Richtersveld Mining Company (RMC). 

In the Grootslang legend, the Gods realised the beast was too powerful and split it in two to create the elephant and the snake.

Now the Richtersveld seems still beset by the massive dominance, on the one hand, of the Alexkor elephant and, on the other, by a shelf-company whose corporate coils seem to lead back inexorably to the Guptas. 

And in the background lurks the presence of a Grootslang that survived: Trans Hex, the company controlled by that old giant of White Monopoly Capital, Christo Wiese (the billionaire currently embroiled in the Steinhof saga).

The set-up – primed for capture

Our story begins in October 2014, when the Alexkor RMC joint venture issued a tender to sell Alexkor’s diamonds.

While the joint venture is supposed to balance the interests of Alexkor with those of the Richtersveld community, the reality is that the community is fractured and dominated by its big corporate brother. Alexkor is effectively the biggest employer in the Richtersveld.

The promise of access to jobs and influence in poor communities ensures that such structures remain beset by competition and strife: at best easy to manipulate, at worst dysfunctional.

The Richtersveld Mining Company, through which the community exercises its interest in the joint venture with Alexkor, was no exception.

Indeed, in September 2014, a month before the diamond marketing tender was issued, the Western Cape High Court issued a judgment removing all the RMC directors who purported to act on its behalf, though the ruling was suspended by the lodging of an appeal.

Although structures like the RMC were supposed to be answerable to the CPA, in practice they served their own interests or were satellites of Alexkor.

In May 2016, citing the infighting, Alexkor applied successfully to have a court appoint three temporary RMC directors – chosen by Alexkor – to represent the community.

As recently as November 2017, a report to Parliament by the office of the chief land claims commissioner noted:

“It is also clear that Alexkor continues to play a major role in the continuous infighting between the community members and the CPA leadership.”

The Alexkor side of the joint venture with the RMC was also somewhat bizarre, given that the joint venture agreement assigned the Alexkor chair to also be the chair of the joint venture, while denying any Alexkor executive director a seat on the board.

In effect, the chief executive of Alexkor was accountable for the 51% held joint venture, but had no formal influence over its operations, worth R758-million in the 2016/17 financial year.

In part, this stems from the legacy of the 2007 land restitution settlement, which provides for Alexkor to exit its 51% holding in the joint venture at some future point should the community exercise its “call option” to purchase Alexkor’s share.

This has led Alexkor to cast around for some reason to justify its continued existence – and the ludicrous situation whereby it maintains an expensive corporate headquarters in Johannesburg, 1,400 kilometres away from its only operating division at the mouth of the Orange river.

One option was for Alexkor to explore branching out into coal, potentially via a sweetheart deal with Eskom – a decision that necessitated expanding the Johannesburg office and drafting in a chief executive with coal experience.

Around this fat beast, hobbled by its tangled governance, circled at least two predators: Trans Hex and Gupta Inc.

Dramatis Personae



9/16/2018

amaBhungane and Scorpio #GuptaLeaks: A tale of two captures – Alexkor, Gupta Inc and 'WMC' | DailyMaverick

Before we get to the Guptas and their associates, it is worth taking a moment to introduce the key players involved at the time the diamond marketing contract was put up for grabs at the end of 2014.

The chair of Alexkor – and of the Alexkor RMC joint venture – was Rafique Bagus.

Bagus is an accomplished corporate operator, a devout Muslim and a serious surfer.

He was previously the chief executive of Trade and Investment South Africa, deputy director-general of the Department of Trade and Industry, and special adviser to Alec Erwin when he was public enterprises minister.

Bagus came to public attention in 2011 when he was linked to making political introductions for Uruguayan businessman Gaston Savoi (<http://amabhungane.co.za/article/2011-01-21-fraud-suspect-gave-anc-r36million>), who is still battling corruption charges relating to government tender awards.

Bagus was appointed chair of Alexkor by Malusi Gigaba in September 2012. He was central to the events, but his role is shrouded in contradictions.

At his side was advocate Zarina Kellerman, Alexkor's chief legal officer, of whom also more later.

The chief executive of Alexkor was Percy Khoza, a seasoned mining executive with both diamond and coal experience. He was hired, in part, to pursue the "coal strategy" approved by Gigaba.

All three would depart amid changes to the board made by a new minister, Lynne Brown, in August 2015 – but by that time, round one of the diamond marketing contract was sealed.

The Alexkor-RMC joint venture had its own chief executive, Mervyn Carstens, a 16-year veteran of Trans Hex, where he rose to serve as executive director of land operations until his departure in April 2012. In August 2012 he was appointed to manage the joint venture, reporting to Bagus.

Of perceptions raised by his long association with Trans Hex, Carstens says:

"I deny that I am aligned with Trans Hex or Mr Christo Wiese. I have never met Mr Wiese nor had any dealings with him. Since my departure from Trans Hex, I have had no further business connections or dealings with that company."

One more figure is key: Duncan Korabie, an attorney based in Wellington in the Western Cape and a feisty combatant in the factional battles that have plagued the community.

During 2014, Korabie was accepted by Alexkor as one of the independent RMC directors representing the community on the board of the joint venture.

Since then, he has fallen out with Alexkor. The joint venture board now rubbishes his credibility, claiming he "only represents a few members" of the Richtersveld community and pointing to a recent High Court judgment that criticised Korabie's conduct, saying it was "opportunistic... borders on unethical" and "unbecoming of an officer of court".

The contract factory

Alexkor is a small operation that in some ways exists to award and manage contracts.

Its shallow ocean concessions (up to 30 metres in depth) are mined by about 60 small-scale marine contractors, who use divers to manhandle large vacuum hoses to suck up the diamond-baring gravel and sand for processing. The companies bare the costs and risks – and for that they get a 50% share of the diamond revenue.

The more shy bearing onshore excavations are handled by another, much smaller group of contractors, while the deeper ocean excavation is handled by a specialised company, International Mining and Dredging South Africa (IMDSA).

IMDSA is responsible for the major portion of diamond recoveries. In the last financial year 112,047 carats came from deep-sea operations, whereas 50,125 carats were produced from the other concession areas.

The deep ocean mining requires expensive, specialised vessels, and because of the atrocious sea conditions on the Richtersveld coast, sea days can be severely limited. IMDSA keeps about 85% of the diamond revenue.

From 2000 until 2006 Alexkor's production was sold via the De Beers company Diamdel. Unhappiness about the prices fetched was reportedly behind the termination of this arrangement.

Then the sales were handled by Diamond Marketing Consultants, whose principal, Menachem Pelleg, was a diamond valuator for the South African government. In January 2014 Pelleg's contract was abruptly terminated – and is still subject to his legal claim for compensation.



9/16/2018

amaBhungane and Scorpio #GuptaLeaks: A tale of two captures – Alexkor, Gupta Inc and 'WMC' | DailyMaverick

A new marketing company called Diamond Realisations was appointed on a temporary basis, and by all accounts performed well. Marketers generally take a 1.5% commission on sales, but the prices they get also determine what the contract miners get, so in theory everyone wins.

Then, in October 2014, came the formal marketing tender.

Enter the Guptas – or do they?

Circumstantial evidence suggests that in 2014 the Guptas opened up a new front in their State Capture project via Alexkor. The fingerprints of the family and their fellow-travellers are faint, but visible.

There is almost nothing about Alexkor in the #GuptaLeaks, bar one strange email from March 2013.

The email to Gupta factotum Ashu Chawla is from a Gupta associate in Saharanpur, who is purporting to relay a message from one Deepak Mittal.

He asks that Chawla forward the mail to “the Chairman”.

It states:

“Hi Mr. Bagus... as I had words with you before (to bid in Diamond tender auction of your company) we are a global company from India, I gave you an introduction about ourselves and the work we do.”

Bagus does not recall ever receiving such a mail or the alleged contact.

In response to the allegation that he knew the Guptas and had been a frequent visitor to their Saxonwold home, Bagus stated:

“During my time as CEO of Trade and Investment SA and DDG of DTL, I served on the International Marketing Council (IMC) where I met Mr Ajay Gupta.”

Evidence of the Gupta connection to the diamond marketing contract has emerged slowly, but the award of the contract was controversial, almost from day one.

Bagus himself says the award was above board, but his assurances are undermined both by documentary evidence and by some sources close to the process, including the activist lawyer Korabie.

Alexkor points to an investigation carried out in 2015 by the Alexkor audit and risk committee at the behest of minister Brown which could not find “any fundamental breach of procurement procedures”.

But the report to Brown, which was made public by Alexkor for the first time in response to our questions, itself discloses red flags about the process – and the company that won the contract: Scarlet Sky Investments 60, which is now the sole agent to sell Alexkor’s diamond production.

First, Carstens, the chief executive of the joint venture, outsourced the shortlisting of bids.

Given that there were only seven bids, this seems unnecessary – and some of the scoring for the short-listing appears inconsistent.

Carstens told us:

“A company called Gamiro Advisory Services was appointed to conduct an evaluation of the proposals and to do the shortlisting. They shortlisted three companies, namely [Scarlet Sky], CS Diamonds and Diamond Realisations, who were all invited to make further presentations to the tender committee.”

Gamiro is part of the Gamiro group, controlled by Heather Sonn.

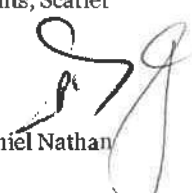
Sonn is a director in Steinhof with Wiese, although there was no apparent conflict of interest in 2014 because Wiese took control of Trans Hex only in August 2016.

Trans Hex bid for the Alexkor marketing contract in 2014, but was not short-listed, mainly because of scoring zero in the category: Richtersveld community economic development, which was worth 30 points out of 100, for which they rather carelessly made no commitment at all, according to Gamiro.

On the shortlist, Diamond Realisations – the company that held the interim contract – scored the highest with 75 points, Scarlet Sky came in second with 71.5 and CS third with 67.

But there were already red flags for Scarlet Sky, for anyone who cared to look more closely.

The company sent an expression of interest on 6 November 2014 on a letterhead that indicated the directors were Daniel Nathan and Kuben Moodley.



9/16/2018

amaBhungane and Scorpio #GuptaLeaks: A tale of two captures – Alexkor, Gupta Inc and 'WMC' | Daily Maverick

At that date, however, the directors were actually still shelf company stand-ins.

Online company records reflect that Nathan and Moodley only became directors on 4 December, while Scarlet Sky's own share register, obtained by amaBhungane, shows that they became shareholders on 20 November (through their respective companies Daniel Nathan Trading and Kimomode).

Scarlet Sky also held no diamond licence, though one of Nathan's companies did. Moodley, the purported 60% BEE shareholder, had no diamond industry background at all.

When it came to the final selection on 11 December 2014, only three people sat on the panel at Alexkor's Rosebank, Johannesburg head office: Bagus, Korabie and a veteran Alexkor director, Dr Roger Paul.

The scoring should also have raised red flags, given that Korabie awarded Scarlet Sky a full 100% mark, which is normally regarded as an attempt to skew a panel score in favour of one bidder.

That 100% score gained greater significance when Korabie later turned on Alexkor – as we shall see.

Despite all three adjudicators awarding Scarlet Sky the highest points, it appears there was a significant lack of clarity about their proposal.

After significant to-ing and fro-ing about what exactly Scarlet Sky had committed to in terms of funding, pricing, beneficiation and community investment, the final award was made at the end of February 2015.

Korabie's unguided missile

By March 2015, there was already some consternation among the Contractors Representative Body, representing the small miners whose returns would be based on the prices achieved by Scarlet Sky.

By September 2015 Korabie had sent a letter of complaint to then public protector Thuli Madonsela about the award process. He copied it to Alexkor management and the Department of Public Enterprises.

It made a clear allegation that Bagus had influenced the process, noting:

"On the 11th of December [2014] the chief legal officer [Kellerman] and chairperson at the time [Bagus] took Korabie and Dr. Roger Paul, an Alexkor representative, into his office and discussed what he viewed as the new direction the [joint venture] must take in appointing the service provider. He mentioned that only one candidate that will be interviewed met the new direction he proposes. He then mentioned [Scarlet Sky]."

The committee reporting to minister Brown said Bagus told them "that he has no recollection of the meeting taking place".

Korabie has expanded on this allegation, telling amaBhungane that during a separate private conversation, Bagus told him that the instruction to appoint Scarlet Sky came "right from the top".

Bagus told us:

"I have never had a conversation with Mr Korabie regarding the appointment of [Scarlet Sky] as the marketing company... The appointment of all service providers is done via a tender committee, which is a subcommittee of the board. This committee has both community representatives and Alexkor board representatives."

Bagus did confirm to us that the tender committee had been given "guidelines".

He noted:

"Historically the relationship with the marketing companies and the [joint venture] was purely transactional. They sold the diamonds... and paid the company less the commission. Neither the [joint venture] nor the community derived any other benefit from this relationship. The board requested the tender committee explore the opportunity to ensure the training and upskilling of young community members in the art of diamond cutting... The company selected complied with all these objectives."

Nevertheless, Korabie's 100% score is consistent with an understanding, misguided or not, that Scarlet Sky had to be appointed.

And there is one source close to Bagus who tells a story that supports Korabie's version.

The source, who asked not to be identified, told amaBhungane:

"Look, [Gupta business partner Salim Essa] went to Bagus and said [Scarlet Sky] must get the tender... They said, this comes from the very top... He said, no ways. So they said, then you must go."

Bagus did go.

9/16/2018

amaBhungane and Scorpio #GuptaLeaks: A tale of two captures – Alexkor, Gupta Inc and 'WMC' | Daily Maverick

He told us:

“For the record, I resigned from my position, chairman of the Alexkor board... I was requested to stay on and extend my tenure but declined.”

Kellerman, the legal adviser, told us:

“I recall a [joint venture] tender committee meeting, which took place late in 2014. I was present at the meeting as an Alexkor management observer. I recall completing a score card, but this score card was not included in the scoring of the candidates... I did not score the candidates and I was not involved in the discussion or recommendation of any of the candidates... I did not have a private meeting with Dr Paul, Mr Korabie and Mr Bagus.”

Paul did not respond independently except to identify himself with Alexkor's response, which disclosed the audit and risk committee report compiled after a “detailed investigation” and which found no irregularities in the tender award.

Carstens, the joint venture chief executive, noted:

“Ironically, Mr Korabie, who is now raising objections to [Scarlet Sky's] appointment, allocated the highest score (100%) to [Scarlet Sky].”

Korabie's 2015 complaint further alleged that the award to Scarlet Sky was supposed to have been subject to the completion of due diligence.

He wrote:

“The CEO [Carstens] never reported to the tender committee on the due diligence he was directed to conduct... It is clear to us that [Scarlet Sky] was created specifically for this tender. We do not know who the shareholders are of [Scarlet Sky] and their relationship, if any, with any of the... board members.”

Korabie's complaint was turned away by the public protector's office, ostensibly due to a combination of doubts about its jurisdiction and a commitment from Alexkor that the matter would be investigated.

Korabie fell from grace and the matter sank from view – until the #GuptaLeaks.

The fingerprints of Gupta Inc.

In November 2014, when Scarlet Sky responded to the diamond marketing tender, their expression of interest noted that all communication should flow through their “corporate advisers”, addressed to one Marc Chipkin of Integrated Capital Management.

Alexkor was not to know it then, but Integrated Capital was later intimately involved with Essa, the Gupta lieutenant, and the establishment of Trillian, the consulting firm used to capture consulting work from Transnet and Eskom from the end of 2015.

When joint venture chief executive Carstens demanded that Scarlet Sky provide a R50-million funding guarantee, it was Integrated Capital chairman Selwyn Nathan who submitted a letter of comfort, committing Integrated Capital to secure the guarantee, should Scarlet Sky win the bid.

Daniel Nathan, the 40% shareholder of Scarlet Sky, is the son of Selwyn Nathan.

Daniel told us:

“I have no personal involvement in Integrated Capital, only utilising them for admin assistance at the time of the tender submission. This included a letter signed by my father, which agreed to source the necessary funding, if required. The funds were never required.”

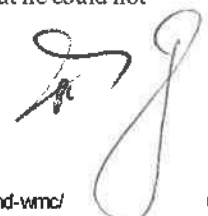
“I am not connected to either Integrated Capital Management or Salim Essa. I have never met with him and he played no role in setting up Scarlet Sky. Mr Moodley's 60% shareholding was disclosed in the 2014 tender.”

Moodley was supposedly the majority shareholder via a company called Kimomode, though Daniel Nathan told amaBhungane that Moodley never contributed a cent to the business, nor derived any benefit whatsoever, suggesting he was merely a place-holder.

Daniel told us:

“Mr Moodley was not a front. He genuinely intended to be involved in Scarlet Sky, but left when he realised that he could not contribute in a meaningful way to it... Scarlet Sky has never had any relationship to the Guptas.”

Moodley, though, is deeply enmeshed in the Gupta scandal.



9/16/2018

amaBhungane and Scorpio #GuptaLeaks: A tale of two captures – Alexkor, Gupta Inc and 'WMC' | DailyMaverick

Moodley refused to engage with us about his role at Scarlet Sky, but evidence flowing from recent litigation, the #GuptaLeaks and former public protector Madonsela's State of Capture report all portray him as a cat's-paw of Gupta lieutenant Essa and the Gupta family.

Moodley was a business associate and sometime golfing partner of Essa.

Neither Essa nor the Guptas responded to requests for comment.

By March 2015 – the same month Scarlet Sky was awarded the Alexkor contract – Moodley was entangled in what appears to be a R122-million simulated transaction with the Guptas' Sahara Computers.

Moodley previously told the *Sunday Times* that the payments would have been for "the procurement of IT equipment and services", but the #GuptaLeaks suggest otherwise.

Leaked emails show that on 27 June 2015, Sahara chief executive and the Gupta factotum Ashu Chawla sent an email to Moodley with a single line, stating: "Hi Kuben here is the invoice for your reference".

The attached invoice to Moodley's company Albatime simply stated it was for "Admin IT services... contract 2012-2014" – but the figures were simply too large and got cut off, so the R122-million was reflected as R22-million.

Moodley wrote back, saying, "Please call me, your invoice does not make sense to me."

Eventually, on 3 July, the invoice was sorted out to reflect R122-million, plus R17-million VAT, "payable quarterly" for a supposed contract due to run from March 2015 to February 2017.

Moodley paid over R52,155 000 the same day, Sahara's bank records show.

Only on 8 July did Sahara director Ronica Ragavan think to create an underlying contract.

On that day she emailed a document titled "Service Level Agreement – Albatime – March 2015" for everyone to sign.

That this contract was merely a fig leaf to disguise a commission payment is suggested by another leaked document, a spreadsheet tracking gross profit in the Sahara business, which booked the R122-million as income at zero cost to the business.

There is nothing to show this transaction relates to the award of the Alexkor marketing contract to Scarlet Sky, but the timing is intriguing.

Moodley resigned as a director of Scarlet Sky when he was appointed as a special adviser to Mineral Resources Minister Mosebenzi Zwane in October 2015, but he retained his shareholding until April 2017 – long enough for Scarlet Sky to be reappointed for five years in a new Alexkor-RMC tender in 2016.

Kellerman also joined Zwane's office.

When Bagus departed and the new board was appointed by minister Brown in August 2015, Kellerman resigned from Alexkor, emerging this year as the secretary to Zwane's so-called inter-ministerial committee inquiry into banks' withdrawal of services to the Gupta group.

Kellerman told us:

"After my resignation [from Alexkor], I met with the new chairperson who asked me to reconsider. Whilst I was giving thought to this request, late in September 2015, I received a call from Kuben Moodley, who I had met through the [Scarlet Sky] negotiations, who asked if I would be interested in interviewing for a position as an adviser to the newly appointed minister of mineral resources [Zwane]... However, I only officially joined the minister's team in April 2016.

"As the minister's adviser, with company secretarial and corporate governance experience, I assisted as the secretary to the [inter-ministerial committee]. There is nothing sinister about this."

Carstens, on behalf of the Alexkor-RMC joint venture, told us:

"The [joint venture] is not aware of any connection between Kuben Moodley and/or [Scarlet Sky] on the one hand and the Gupta family on the other."

Continuity and consolidation

A former close associate of the Guptas told us the family tried to capture Alexkor in order to take their money out in diamonds: "They wanted the sole marketing rights for [Alexkor] diamonds... They wanted the mobility of diamonds."

9/16/2018

amaBhungane and Scorpio #GuptaLeaks: A tale of two captures – Alexkor, Gupta Inc and 'WMC' | Daily Maverick

(A suggestive hint of this came when amaBhungane reported (<http://amabhungane.co.za/article/2017-02-19-exposed-the-guptas-and-the-box-of-gems>) that shortly after the Gupta family infamously “fled” South Africa in 2016, a second Gupta plane tried to leave with a box believed to have been full of diamonds. The Gupta family later claimed the items were “nuts”.)

The former associate said Bagus fell from favour and was pushed out.

Brown appointed Hantsi Matseke as the new Alexkor chair. Matseke also became chair of the Alexkor-RMC joint venture.

Like other boards appointed under Brown, the August 2015 Alexkor board added to an emerging impression of an approach of cynical accommodation.

Matseke is married to K.O.P. (Peter) Matseke, an Essa associate who was going to be part of Moxisign, an Essa-linked company that was going to sell drugs to the department of health. The company never got off the ground.

She is also the chair of the Free State Development Corporation. She is regarded as close to Ace Magashule, and through him to a Free State axis that includes mining minister Zwane and public enterprises director-general Richard Seleke.

Magashule, Zwane and Seleke have all been linked to the Guptas, who also reportedly put forward Matseke's name when they sought (unsuccessfully) to restructure the boards falling under then transport minister Ben Martins.

Matseke told us:

“To my knowledge Dr Matseke does not have any existing business relationship with Mr Essa; I am a board member of the Free State Development Corporation and thus have various associations with various individuals in the Free State and South Africa in general; I am not aware of any board nominations made by the Guptas.”

Through her spokesperson, Brown defended her board appointments and told us:

“The present climate of allegations and contentiousness surrounding the boards has a negative effect on business and public confidence, and the economy.”

A former Alexkor director, who asked not to be named, said the new board seemed to have a mandate to remove the Alexkor chief executive, Percy Khoza:

“They made it clear they were not prepared to work with Percy although he was an experienced mining engineer.”

Alexkor says Khoza took a voluntary retrenchment package and the parting was amicable.

Khoza has declined to comment, though it is known that he raised concerns about the appointment of Scarlet Sky and had delivered a detailed memorandum to minister Brown's adviser, Annelize van Wyk.

But, significantly, he was also seen as an impediment to the plans of other powerful interests.

It is an open secret that a consortium led by Wiese wanted to consolidate the west coast mining industry. Wiese said so himself when he bought into Trans Hex in 2016.

Marine miner Gavin Craythorne, who is something of a spokesman for the Alexkor contractors, believes Khoza was an obstacle to Wiese's plans.

In a recent memorandum to Parliament setting out his concerns, Craythorne wrote:

“The audacious ambitions of this [Wiese] consortium were set out in a presentation dated 8 August 2014, prepared by Questco, a corporate advisory firm based in Johannesburg, wherein a bold plan was unveiled to monopolise the entire Namaqualand Diamond Industry under the control of white monopoly capital...”

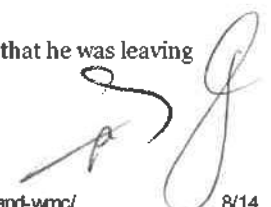
Craythorne said an incident in February 2016 seemed to confirm his suspicions. At a meeting with Khoza and others, Khoza informed them that he would be leaving Alexkor soon.

Craythorne wrote:

“He [Khoza] then offered that the Richtersveld community has some very powerful partners and as the community has a first option to purchase the whole of Alexkor, these powerful partners are trying to drive Alexkor's value down in order that they can purchase Alexkor for a bargain through the community.

“He further said that he has not allowed this and has opposed the efforts of these very powerful partners and that he was leaving 'before things get very difficult or nasty'.”

Khoza confirmed the meeting but said he could not recall the exact conversation.



9/16/2018

amaBhungane and Scorpio #GuptaLeaks: A tale of two captures – Alexkor, Gupta Inc and 'WMC' | Daily Maverick

Wiese did not respond to questions.

Although the Steinhoff collapse might have put paid to Wiese's Trans Hex ambitions, it's notable that as recently as October, Trans Hex increased its stake in West Coast Resources, a diamond mining company with operations adjacent to Alexkor.

It seems even the Guptas perceived the threat.

In June this year, the then Gupta-owned ANN7 television channel (the Guptas financed a buy-out by spin-doctor Mzwanele Manyi in August) broadcast a surprisingly solid piece of reportage, headlined: "Namaqualand: A coastline 'raped'".

The accompanying print story (<http://www.thenewage.co.za/namaqualand-a-coastline-raped/>) noted: "A mining company operating along the ecologically sensitive west coast started building massive sea walls before the environmental impact assessment had been approved, an ANN7 investigation has found.

"Trans Hex... along with its mining partner West Coast Resources, started the process of building the walls in the Hondeklipbaai area in 2016... The area, which has the highest unemployment figures for South Africa, has pitifully few job opportunities, mainly in diamond mining, fishing and a small tourism business. The sea walls, or cofferdams as they are technically known, will destroy opportunities in all of these sectors, community activists said..."

AmaBhungane has also reported on the environmental battle over cofferdam mining (<https://www.dailymaverick.co.za/article/2017-12-06-amabhungane-shortcomings-of-sa-legislation-exposed-through-controversial-shoreline-mining-of-alexkor-and-west-coast-resources/#.WjBFwbT1XOQ>), a technique which Alexkor pursues with equal vigour.

The bite of the Grootslang

Meanwhile the triple coils of Alexkor, Trans Hex and Scarlet Sky have allegedly been squeezing the life out of small Richtersveld mining business, to the extent that, on 19 November 2017, Craythorne sent an impassioned email to Carstens and the Alexkor-RMC joint venture.

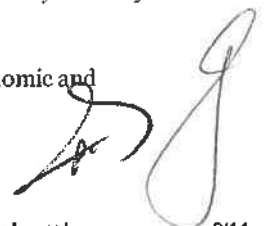
In the email, Craythorne states:

"Since November last year, I have been trying in vain to engage meaningfully with Alexkor... to raise awareness regarding legitimate concerns that many [in] the local marine miner community..."

"The members of the local community who provide the courage, skill, experience, investment, risk tolerance, determination and exceptional hard work that constitutes Alexkor's most valuable operating segment are now in a de facto state of servitude as the triple challenges of climate change, resource depletion and a lack of equitable access destroy the business case for the industry.

"Wedged between an apparent State Capture project depriving us of fair diamond prices on one side, and an apparent white monopoly capital project depriving us of equitable access on the other, we feel we are being exploited in the most cynical way under your stewardship.

"Having lived in this special town for almost 20 years and [being] quite intimate with the spiritual, social, economic and infrastructural character, I can say that this community is at an all-time low at this point.



9/16/2018

amaBhungane and Scorpio #GuptaLeaks: A tale of two captures -- Alexkor, Gupta Inc and 'WMC' | Daily Maverick

"This state of affairs has led me into a desktop study into the State Capture phenomenon and what I have uncovered has given me much reason to be deeply troubled. It is now clear to me that Scarlet Sky and Daniel Nathan are the Alexkor equivalent of Trillian Capital Partners and Mr Eric Wood...

"As before, in the case of Diamdel, I have conducted a thorough analysis of the price data and the results are clearly indicative of a criminal racket set up to deprive Alexkor and the small-scale marine miners of a fair diamond price.

"In the circumstances, I strongly advise you to suspend the agreement with Scarlet Sky with immediate effect pending a thorough forensic investigation."

Attached to this email was an analysis by Craythorne which shows that, since transferring the sales to Scarlet Sky, the value returned to Alexkor and the miners has deteriorated.

He also attached an anonymous poll of 39 of the local marine mining contractors who reported overwhelmingly their dissatisfaction with the transparency, prices and fairness of Alexkor's diamond marketing and sales process.

Craythorne argued that, relative to global diamond prices, "Alexkor's prices... now in 2017... are back where they were 2006 when Diamdel were ripping us off."

Scarlet Sky's Nathan told us:

"I deny that the appointment of Scarlet Sky has been negative for Alexkor and the local mining community. The quotes attributed to Mr Craythorne are incorrect and do not apply to the diamond industry in general. His comments are misplaced and limited to only one particular size of diamonds."

In response to questions about prices, Cartens noted:

"Diamond prices are influenced by numerous factors including but not limited to supply and demand, quality and size of production. The [joint venture] production is sold on a tender basis eight times a year [via] a competitive bidding system which is attended by an average of 60 to 80 potential buyers at each sale cycle... The diamonds are at all times sold to the highest bidder. We are price takers and the tender process cannot be manipulated by anyone."

He said onshore production had increased substantially since 2013. These diamonds were smaller and of a lesser quality than those produced from the sea, influencing the price of diamonds in all categories.

In response to Craythorne himself, his company received the following notification 10 days later:

"We regret to inform you that the board of the Alexkor/ RMC joint venture has decided that your contract with the joint venture will not be renewed."

At least four other companies seen as "trouble-makers" have received similar notifications.

The Grootslang may be an imaginary beast, but for Craythorne – and the broader Richtersveld community – the bite is real. **DM**

NB: In the initial draft of this story we said: "By November 2014, Chipkin was already a co-director with Essa in another company, Antares Capital." Chipkin has pointed out that he resigned as a director on 26 March 2015, some three months before Essa became a director. We apologise for the error.

Photo: Alexander Bay, Northern Cape, South Africa. March 2, 2012. (Greg Marinovich)

Produced by:



- The amaBhungane Centre for Investigative Journalism (<http://www.amabhungane.co.za/>) is an independent non-profit. Be an amaB supporter (<http://www.givengain.com/cc/amab>) to help it do more. Sign up for its newsletter (<http://amabhungane.us1.list-manage.com/subscribe?u=760d27a4555f5cf43b2813a89&id=b781dac27f>) to get more.

While we have your attention...

An increasingly rare commodity, quality independent journalism costs money - though not nearly as much as its absence.



Annexure "PHB 13"

"We say to one another: I cannot be without you, without you this South African community, without one single person, without one single group, without the region or the continent, we are not the best that we can be..."

National Development Plan - 2030

realities from a business with significant economic challenges.

The team identified the following critical problem areas that required immediate intervention and action:

- The Pooling and Sharing Joint Venture (PSJV) profitability is severely eroded due to a loss-making position for more than ten years;
- A breakdown in management structures and procedures that compromised corporate governance;
- Significant decline in production and employment; and
- A hostile environment driven by a significant loss of trust in community structures.

Many of these issues were created by the practicalities of managing an unincorporated joint venture structure, without the assigned authority to directly influence management direction.

Our ultimate goal is to support the PSJV management team to improve profitability and reduce operational cost. This will enhance the community's sustainability and secure economic growth and job creation. To achieve this we will focus on substantially increasing diamond production. We are working effortlessly to restore management structures and operational procedures to ensure good corporate governance; this is a critical priority to restore trust in the community structures that oversee our partnership.

We have extensively engaged all four towns in the Richtersveld community with valuable and unequivocal support from our Deputy Minister at the Department of Public Enterprises (DPE). Many bridges with the community were rebuilt and relationships based on mutual trust and respect were established. Many

constructive community projects were revived as a result of this.

ALEXKOR'S FUTURE STRATEGY

Our new strategy is a radical departure from the past to transform Alexkor into a diversified mining company that will ensure the long-term sustainability of our mining operations. The strategy embraces four key elements, namely:

- Unlocking value from the PSJV;
- Extract value from African diamond mining opportunities;
- Utilise Alexkor's core mining capability to supply coal to Eskom and reduce their coal supply risk; and
- Develop lime resources to supply Eskom.

UNLOCKING VALUE OF THE PSJV

As a key priority we have provided dedicated and direct management support to the PSJV in order to improve operational efficiency and profitability with the aim to secure the community's long-term economic viability and sustainability.

We have invested significant effort to change business mindsets to reduce costs and increase profitability. The optimisation of critical business processes was fundamental to ensure sound corporate governance and to instil prudent commercial practices within the PSJV.

Our goal is to increase production output to 70 000 carats per annum by the end of the next financial year. To achieve this the board has taken a decision to be firmer in dealing with poor performing contractors; whilst rewarding achievers with more opportunities to unlock value.

Increased production is also underpinned by the monitoring of sea-days versus production throughput, stone size distribution analysis, security upgrades, and the introduction of middle-water mining. We are also implementing a deep-sea mining agreement with International Mining and Dredging South Africa (Pty) Ltd (IMDSA), one of two companies in the world with deep-sea mining capability. Deep-sea mining will commence in 2014 and we will unlock significant value.

Annexure "PHB 14"



ALEXKOR

**The appointment of
Alexkor SOC Limited Legal and Financial Panel of Advisors**

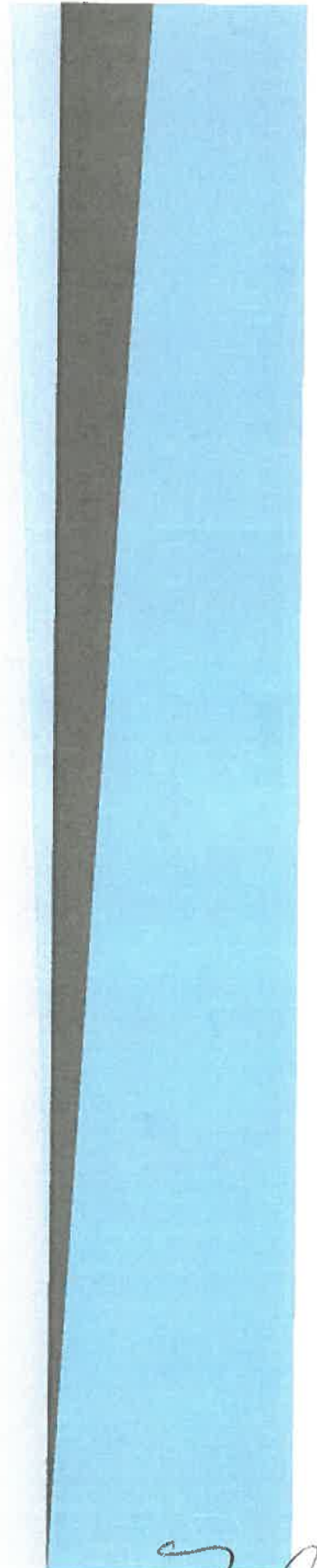
**Presentation to the Tender Committee
17 June 2014**

A handwritten signature in black ink, located in the bottom right corner of the page.



ALEXKOR

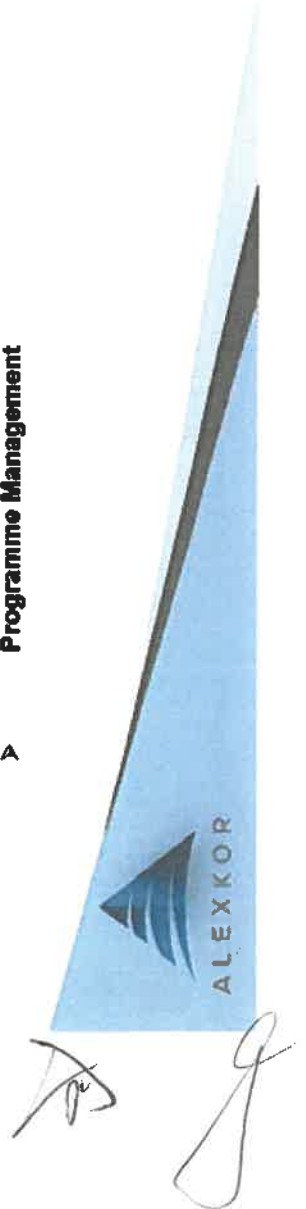
Financial Advisors Panel



[Handwritten signature]

Financial Advisors Panel

- An RFP was placed in January 2014 for Companies to request tender documents by 24 January 2014 and to submit their tenders by 31 January 2014.
- 19 Financial Companies tendered for the Financial Advisors Panel.
- The suggested panel to consist of 10 Companies for a period of 3 years.
- The Scope and Extent of Work included:-
 - Strategy Advisory Services
 - Treasury Functions
 - Financial Risk Management
 - Corporate Finance
 - Funding Plans
 - Fundraising Capabilities
 - Programme Management



Financial Advisors Panel

- In evaluating the Tenders and considering the Evaluation Criteria, Management was looking for the following:-

- Expertise
- Expertise in mining and in particular, coal mining
- Experience
- Skills Transfer
- Enterprise Development
- BEE
- Competitive Pricing



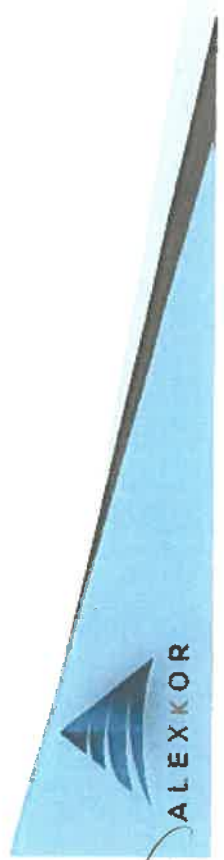
Tenderers

Company	BEE rating	Black Ownership rating	Black Women ownership percentage	Rate per hour	Mining Clients
Kabelo Consulting	10	10	0,0%	R1 250	Kalagadi Manganese
Vunani	9	9	24,5%	R2 620	Mining clients include (Sentula, Anglocoal, Brikor, Lerama Resources, Tau Mining, Ingwenyama)
Regiments Capital	9	9	24,5%	R2 000	Extensive involvement in mining, clients include (RBP, Harmony, Anoorag, Safika resources, Pembani group, Thebe mining, Trans Hex,)
Nedbank Capital	9	5	14,6%	R5 700	Extensive Involvement in mining, clients include (RBP, RBM, Exxaro, Keaton, Xstrata, Sasol, Kangra, PAR, Amplats, Harmony, Goldfields, KOI, Northam)
Igalelo Capital	7	10	100,0%	R600	No mining experience
Enerst and Young	9	5	10,0%	R2 500	Did not mention in the profile
Outsource Risk and Compliance	10	9	48,3%	R1 300	No mining experience
GP Jourbet and Company	5	0	0,0%	No rate quoted	No mining experience was quoted on the document
Cresco Project Finance	5	0	0,0%	R2 500	Mining clients include (Vhalkoni group, RBH, DRA, Geratech, overseas mining investments,)
Quatle Capital	10	9	22,5%	R1 950	Mining clients include (PPC, Afrisam, KOI)
LUV Homba Financial Se	7	10	4,1%	R1 400	No mining experience
AloeCap	10	10	11,0%	R2 800	Mining clients include (Xstratacoal, Foskor, Umlabu)
Deloitte	0	5	9,1%	R2 692	Extensive involvement in mining, clients include (Deloitte has worked with most of the mining companies in SA and abroad)
Sotobe Chartered Acc	7	10	0,0%	R1 300	Kalagadi Manganese
Boikano Accountants Inc	7	10	0,0%	R3 437	No mining experience
Hindsight Bohiale	9	0	0,0%	R1 542	Mining clients include (BHP Billiton, Harmony, RBM, Imaloto coal project, SA coal mine holding, Exxaro, KOI, Anglo, Eyesizwe, Rio Tinto, Samancor)
PWC	9	5	7,1%	R2 692	Extensive involvement in mining, clients include (Eyesizwe Consortium, Mvelaphanda resources, COAL, ARM, Anoorag, Assore, TCSA, BHP Billiton, Kalahari Resources, Optimum and Koorfontein, Nozalela, Leeuw mining, East Daggafontein, Ongopolo Mining, RBP, Shanduka group, RBM, Kangra, Northam)




Companies with 40% and more women ownership

Company	BEE rating	Black Ownership rating	Black Women ownership percentage	Rate per hour	Mining Clients
Igalelo Capital	7	10	100,0%	R600	No mining experience
Outsource Risk and Compliance	10	9	48,3%	R1 300	No mining experience

Financial Advisors Panel

- Of the 19 companies that tendered, 12 companies have mining experience as follows:-

A	Kabelo Consulting
A	Vunani
A	Regiments
A	Nedbank Capital
A	Cresco Project Finance
A	Quatife
A	Tactus
A	AloeCap
A	Deloitte
A	Sotobe
A	Hindsight Bohiale
A	PWC



[Handwritten signature]

Financial Advisors – Suggested Panel A

- Of these 12 companies, the BEE rating and hourly rate charges are as follows:-

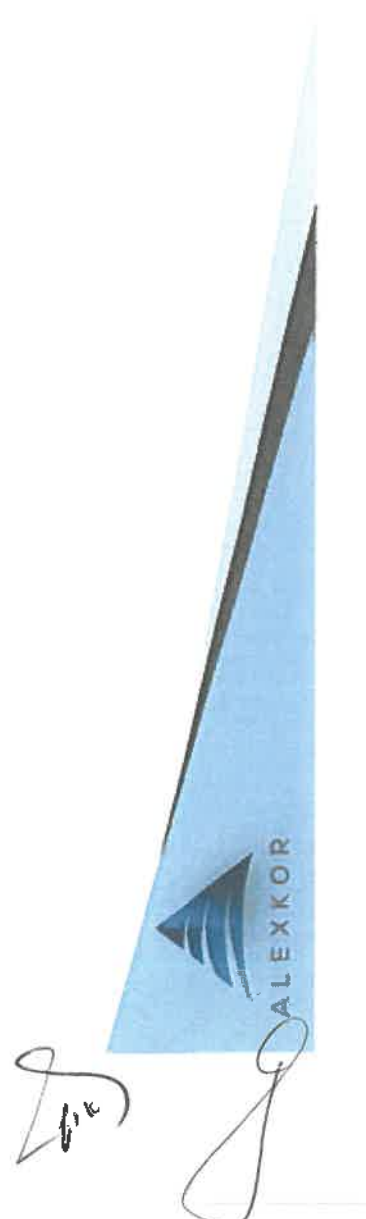
▶	Kabelo Consulting	10	R1250-00
▶	Quatle Capital	10	R1950-00
▶	Tactus	10	R2500-00
▶	AloeCap	10	R2800-00
▶	Vunani	9	R2620-00
▶	Regiments	9	R2000-00
▶	Nedbank Capital	9	R5700-00
▶	Hindsight Bohlale	9	R1542-00
▶	PWC	9	R2692-00
▶	Sotobe Chartered	7	R1300-00
▶	Cresco Project Finance	5	R2500-00
▶	Deloitte	0	R2692-00




Financial Advisors - Suggested Panel B

- For Skills Development and Enterprise Development, we have included a Panel B with potential candidates to be trained:-

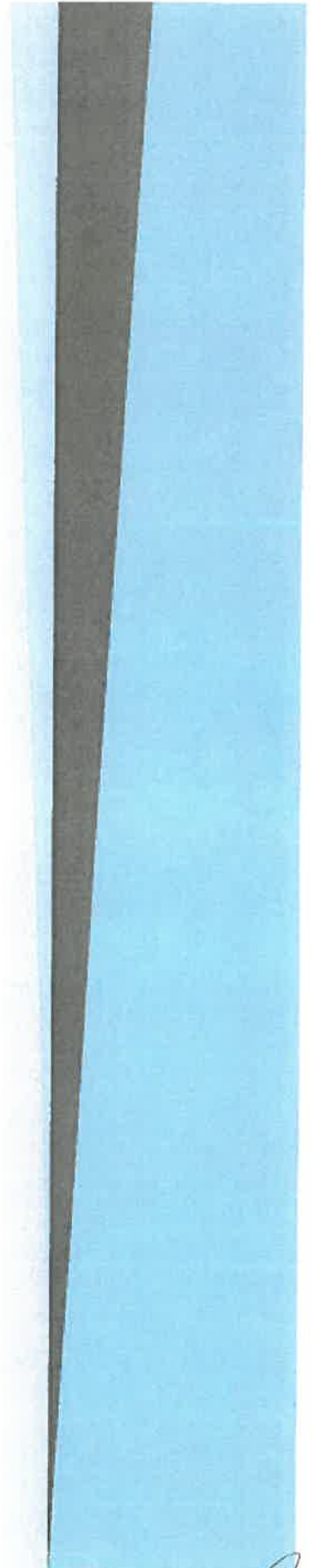
▶	Outsource Risk and Compliance	10	R1300-00
▶	LUV Homba Financial Services	7	R1400-00
▶	Boitano Accountants	7	R3437-00
▶	Igaleto Capital	7	R600-00





ALEXKOR

Legal Advisors Panel



[Handwritten signatures]

Legal Advisors Panel

- An RFP was placed in January 2014 for Companies to request tender documents by 24 January 2014 and to submit their tenders by 31 January 2014.
- 40 Law Firms tendered for the Legal Advisors Panel.
- The suggested panel to consist of 10 Companies for a period of 3 years.
- The Scope and Extent of Work included:-
 - ▶ Legal recoveries and litigation
 - ▶ General commercial drafting and negotiation of contracts
 - ▶ Commercial drafting and negotiation of contracts in the area of mining
 - ▶ Corporate and commercial work
 - ▶ Skills transfer



Legal Advisors Panel

- In evaluating the Tenders and considering the Evaluation Criteria, Management was looking for the following:-

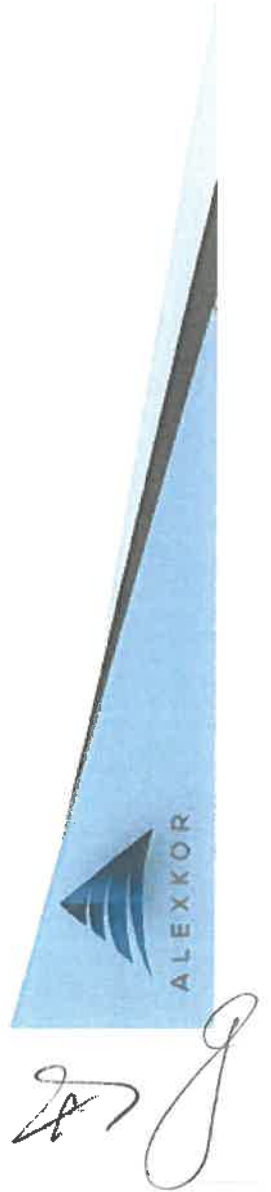
- Expertise
- Expertise in mining and in particular, coal mining
- Experience
- Skills Transfer
- Enterprise Development
- BEE
- Competitive Pricing



ALEXKOR

Legal Advisors Panel

- Alexkor also took into account the **Guidelines on Procurement of Legal Services by State Owned Companies as released by the Department of Public Enterprises.**
- In this regard, we were required to consider the following:
 - ❖ **BEE**
 - ❖ **Expertise**
 - ❖ **Geographical area within which the SOC operates**
 - ❖ **Preference must be given to black owned, black women owned, black youth, majority black owned and/or small enterprises**
 - ❖ **Enterprise Development**
 - ❖ **Skills Development**



Scores and clients of companies

Name of Company	BEE rating	Black Ownership rating	Black Women ownership percentage	Rate per hour	Mining Clients
Madlopha Inc	10	10	0,0%	R1 500	
Kapdi Twala Inc	10	10	0,0%	R3 200	
Pravina Govender Att	10	10	100,0%	R3 000	No mining experience was quoted on the document
Ngeno & Mteto In	10	10	50,0%	R1 800	mining experience includes (Drafting of prospecting contracts and commercial agreements for Dongola Mineral Resources and Drafting of joint venture agreements for Musina Mineral resources)
Mkhabela Huntley Adekekeye	10	10	46,0%	R3 025	Acquisition of prospecting coal rights from BHP for Harty sheif Linenko 17. Acquisition of 20% stake from Sasol mining for Wiphold. Disposal of a 38% sale in manganese venture for Majestic silver trading and Chancellor house
Moyo Inc	10	10	0,0%	R500	
Rachoene Att	10	10	0,0%	R1 500	
Tshisevhe Gwina Ratshimbilani Inc	10	10	17,0%	R3 300	Advised IDL in relation to the financing of BRB005 Gold property in Zimbabwe
Ngidi and Co	9	10	0,0%	R1 500	
Routledge Modise Inc	9	2	6,0%	R4 250	Extensive mining Experience incl Glencore, anglo, Aveng, BHP etc)
Geldenhys Malatsi Att	9	7	13,5%	R3 300	No mining experience was quoted on the document
Gcolotela and Peter Inc	7	10	50,0%	R1 200	No mining experience was quoted on the document
Edward Nathan Sonnenbergs Inc	7	2	4,7%	R3 725	Extensive involvement in mining, clients include (Gold fields, Sibanye gold, Nucoal mining, BHP Billiton and KIO)
Robert Charles Attorneys	7	10	0,0%	R1 500	
L Mbangi Inc Att	7	10	0,0%	R2 000	
Makhubela Att	7	10	0,0%	R1 500	
Lingentelder & Baloyi Att	7	7	0,0%	R0	
Tshepo Kgoele Att	7	10	0,0%	R2 000	
Medupi Lenong Inc	7	10	0,0%	R1 500	
Masephule Dinga Inc	7	10	0,0%	R1 500	



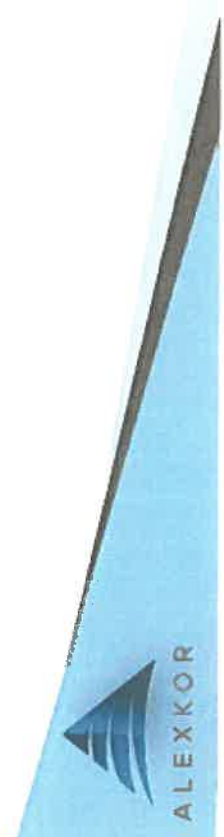
Scores and clients of companies

Name of Company	BEE rating	Black Ownership rating	Black Women ownership percentage	Rate per hour	Mining Clients
Mogawa Inc Attorneys	7	10	0,0%	R2 000	
Msikinya Att & Ass	7	10	0,0%	R2 000	
Malebye Motaung Mtembu Inc	7	10	40,0%	R3 000	No mining experience was quoted on the document
Werksmans Att	7	2	5,5%	R2 000	
Hewu Attorneys	7	10	0,0%	R2 500	
Ndobela and Lamola	7	10	0,0%	R1 900	
Luvhomba Legal AXE	7	10	4,1%	R4 500	No mining experience was quoted on the document
Bowman Gilfillan Inc	7	2	8,8%	2100-2700	Extensive involvement in mining, clients include (ARM, AngloGold, Barrick, COAL, ENRC, Metorex, PPC, RBP, Simmer and Jack, Transhex, Glencore, Northam and the resource divisions of the major banks)
Kgokong Nameng Tumagole Inc	7	10	0,0%	R1 800	
PM & Associates	7	10	0,0%	R1 500	
Lankalebalelo Att	7	10	100,0%	R1 400	No mining experience was quoted on the document
Ndumiso Voyi	7	10	0,0%	R0	
Mlangeni Gasela Magugula Inc	7	10	40,0%	R1 500	No mining experience was quoted on the document
The compliance	7	10	60,0%	R1 500	No mining experience was quoted on the document (Only corporate secretariat support for Mangwe Mining)
Baloyi Masango Inc	7	10	0,0%	R1 400	
Mkhwazazi Inc	7	10	0,0%	R3 500	
Webber Wentzel	5	2	4,9%	R2 250	Extensive mining experience incl. Kangra, Optimum, Anglo, Uranium One, Vale, Ivanplats, PMC, Umcebo, etc)
Norton Rose Fulbright	5	2	3,5%	R3 000	Mining experience involves doing work for Amplats, KOT, DBCM, Rio Tinto and BHP Billiton
Messina Inc	5	0	0,0%	R0	
Amos khumalo Inc					




Companies with 40% and more women ownership

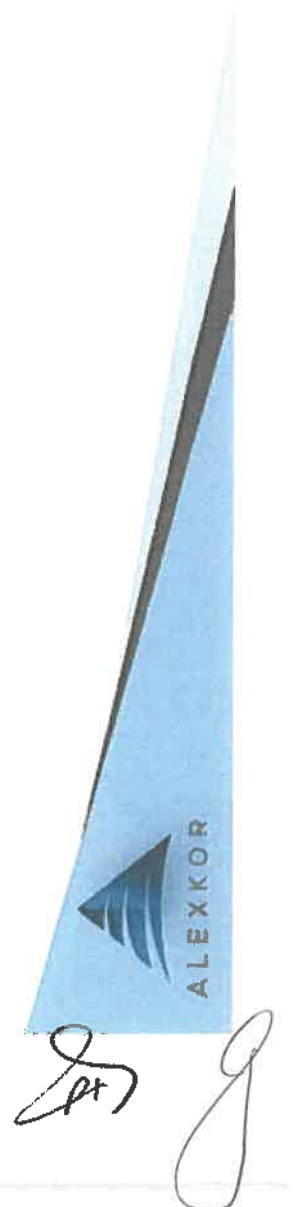
Company	Black Women Ownership	BEE rating	Black Ownership	Rate per hour	Mining Experience
Pravina Govender Att	100,0%	10	10	R3 000	No mining experience was quoted on the document
Lankalebalelo Att	100,0%	7	10	R1 400	No mining experience was quoted on the document
The compliance	60,0%	7	10	R1 500	No mining experience was quoted on the document (Only corporate secretariat support for Maningwe Mining)
Gcolotela and Peter Inc	50,0%	7	10	R1 200	No mining experience was quoted on the document
Ngeno & Mteto In	50,0%	10	10	R1 800	mining experience includes (Drafting of prospecting contracts and commercial agreements for Dongola Mineral Resources and Drafting of joint venture agreements for Musina Mineral resources)
Mkhabela Huntley Adekekeye	46,0%	10	10	R3 025	Acquisition of prospecting rights from BHP for Harty shelf Linento 17. Acquisition of 20% stake from Sasol mining for Wiphold. Disposal of a 38% sale in manganese venture for Majestic silver trading and Chancellor house
Malebye Motaung Mtembu Inc	40,0%	7	10	R3 000	No mining experience was quoted on the document
Mlangeni Gasela Magugula Inc	40,0%	7	10	R1 500	No mining experience was quoted on the document

Legal Advisors – Suggested Panel A

- Of the 40 firms that tendered, 9 firms have mining experience as follows:-

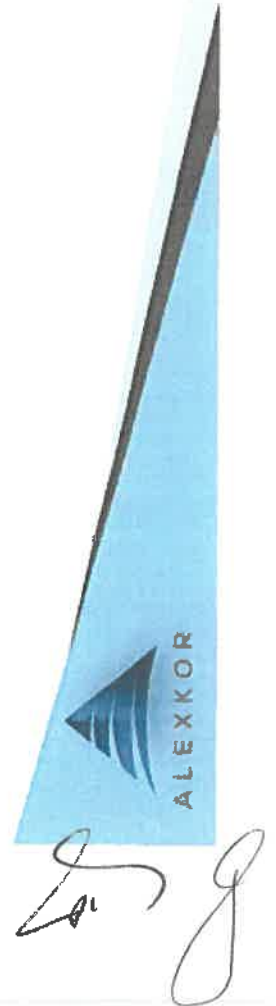
▶ Ngeno & Mteto Inc
▶ Kapdi Twala (Dentons)
▶ Tshisevhe Gwina Ratshimbilani Inc
▶ Routledge Modise
▶ Norton Rose Fulbright
▶ Mkhabela Huntley Adekekeye
▶ Edward Nathan Sonnenbergs
▶ Bowman Gilfillian Inc
▶ Webber Wentzel



Legal Advisors - Suggested Panel A

- Of these 9 firms, the BEE rating and Pricing is as follows:-

➤ Ngeno & Mteto Inc	10	R1800-00
➤ Kapdi Twala (Dentons)	10	R2400-00
➤ Bowman Giffilian Inc	7	R2400-00
➤ Webber Wentzel	5	R2250-00
➤ Norton Rose Fulbright	5	R3000-00
➤ Mkhabela Huntley Adekekeye	10	R3025-00
➤ Tshisevhe Gwina Ratshimbilani Inc	10	R3300-00
➤ Edward Nathan Sonnenbergs	7	R3725-00
➤ Routledge Modise	9	R4250-00



Legal Advisors - Suggested Panel B

- For Skills Development and Enterprise Development, we have included a Panel B with potential candidates to be trained:-

▶	Lankalebalelo Attorneys	7	R1400-00
▶	The Compliance	7	R1500-00
▶	Mlangeni Gasela Magugula Inc	7	R1500-00
▶	Malebye Motaung Mtembu Inc	7	R3000-00
▶	Gcolotela and Peter Inc	7	R1200-00

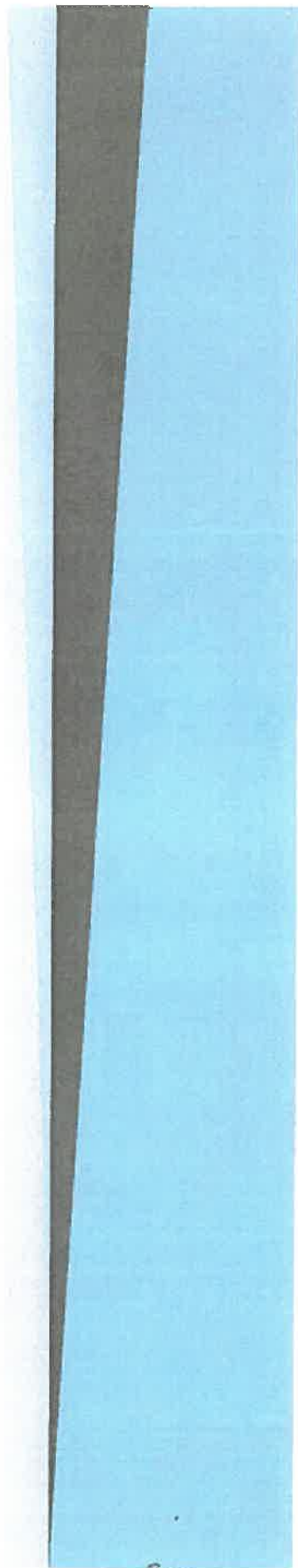


[Handwritten signatures]



ALEXKOR

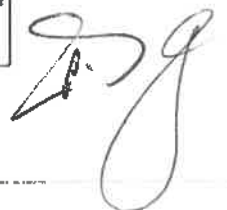
Questions



Handwritten initials or signature

RFP REQUESTS – LEGAL ADVISOR PANEL

	COMPANY NAME	CONTACT PERSON	EMAIL ADDRESS	TELEPHONE NUMBER
1.	TGR Attorneys	Thabisa Yeki	t.yeki@tgrattorneys.co.za	011 243 5027
2.	Prince Mudau & Associates	Irene Komape	Irene@pm-attorneys.co.za	011 079 6442
3.	Mogaswa Inc Attorneys	Tebogo Mokoto	tebogo@mogaswaattorneys.co.za	011 333 0325
4.	Nedbank Capital	Khanyi Nkosi	Khanyin@nedbankcapital.co.za	011 295 8947
5.	Mkhwanazi Inc	Nhlanhla Mkhwanazi	nhlanhla@mkhwanazi.com	011 513 3491
6.	Routledge Modise	Kealeboga Molefe	kealebogam@rmlaw.co.za	011 523 6148
7.	Phungo Inc	Limon Phungo	limon@phungoinc.co.za	011 781 4145
8.	Webber Wentzel	Selwyn Hockey	Selwyn.hockey@webberwentzel.com	021 431 7391
9.	Malebye Motaung Mtembu Attorneys	Zimkhitha Silwana	zimkhitha@mmmattorneys.co.za	011 447 7726
10.	Vincent Mining Law Consulting Services (Pty) Ltd	Vincent Twalo	twalov@gmail.com	
11.	Ngeno & Mteto Inc	Liwalam Jafta	liwalamji@gmail.com	
12.	Luvhomba Group	Bridgette Gomani	projects@luvhombagroup.co.za	012 344 0908
13.	Khokong Nameng Tumagole Incorporated	Harry Makgalemele	hmakgalemele@kntinc.co.za	011 646 7631
14.	Lingenfelder & Baloyi Inc	Christo Lingenfelder	Christo@lblaw.co.za	012 348 8624
15.	Quantile Capital	Makaie Motloba	makale@qcapital.co.za	011 442 5605
16.	Pollard Consulting Services (Pty) Ltd	PD Sebola	sebolapd@gmail.com	
17.	SALGA F&CS Office	Boitumelo Modise	bmodise@salga.org.za	012 365 8522
18.	Ammm Incorporated	Kgomotso Moletsane	moletsane@amm.co.za	011 873 8450
19.	Maluleke Msimang & Associates	Annette Pretorius-Kouakou	mamsi@ifrica.com	012 323 3832
20.	Pravina Govender Attorneys	Shirlene Govender	Pravina1@telkomsa.net	031 566 6660
21.	Thanduxolo Sindoni Attorneys	Thanduxolo Sindoni	thandu@sindoniattorneys.co.za	012 323 0860



22.	Afrosoujias Media (Pty) Ltd	Simanga Mthembu	afrosoujiasmedia@gmail.com	
23.	Hlubi Investment Consulting (Pty) Ltd	Nhlanhla Arthur Hlubi	info@hiconsulting.co.za	011 468 5446
24.	Werksmans Attorneys	Tondani Luvhengo	tluvhengo@werksmans.com	011 535 8000
25.	M L Mateme INC	Yoliswa	reception@mlmatemeattorneys.co.za	
26.	Regiments Advisory	Kgomotso Mogomotsi	KgomotsoM@regiments.co.za	011 715 0300
27.	Modise Modise Attorneys	Dipuo Eunice Nthatisi	dipuo@modisemodise.co.za	051 430 7350



TENDERS RECEIVED – JANUARY 2014

COMPANY NAME	CONTACT PERSON	EMAIL ADDRESS	TELEPHONE NUMBER
1. TGR Attorneys	Jacob Ramathlare	t.yeki@tgrattorneys.co.za	011 243 5027
2. Tshepo Kgoale Attorneys	Tshepo Kgoale	tshepokgoale@tkattorneys.co.za	011 074 7554
3. ORCA	S. Singh	lenkon@lcon.co.za	011 384 8094
4. R Charles & Associates	P. Williams	robert@rcharles.co.za	073 584 5697
5. Amos Khumalo Inc	Sibusiso M	itc@kmc.co.za	083 699 4035
6. Masephule Dinga Inc	Dinga N	dinga@dkmattorneys.co.za	012 667 1447
7. Malebye	Robert		076 902 1648
8. M.E	Buda		072 690 3585
9. Ngeno & Mteto	L. Jafta	liwalom@ngenomtetoinc.co.za	073 011 9507
10. Boikano Accountants	Potego Maphanga	peterm@boikanyo.co.za	011 422 4083
11. Medupi Lehong Inc	Amos Lehong	medupi@lantic.co.za	011 331 8323
12. Sky Delicious	Joas		076 661 9070
13. The Compliance Firm	Jerry Letsoalo	maleboga@tcfirm.co.za	012 342 8021
14. MGM Inc Attorneys	Themba	info@mginclaw.co.za	011 433 2334
15. Rachoene Attorneys	Katlego	racm@telkomsa.net	015 291 2798
16. Norton Rose Fulbright	Lebo Motsumi	lebo.motsumi@nortonrosefulbright.com	011 685 8674
17. Mogaswa Inc	Labi Lang	david@mogaswaattorney.co.za	011 333 0325
18. G P Joubert & Co	Guy Joubert	guy.joubert@gpjoubert.com	083 327 2216
19. Regiments Capital	T Gebreselasie	tewodros@regiments.co.za	011 715 0300
20. Moikinya Attorneys	L P Adonisi	adonisi@moikinyaattorneys.co.za	011 836 3735
21. Madhlopa Inc		commercials@madhlopa.co.za	011 442 9045
22. Geldenhuis Malatji	Given Maluleke	gmaluleke@gminc.co.za	012 428 8600
23. Lingenfelder & Bal	Charlotte Schultz	charlotte@lflaw.co.za	012 348 8624
24. Ndobeca & Lamola	Clarence Maseko	ronaldlamola@yahoo.com	082 087 6975



25. Hewu Attorneys	Jabu Kunene			011 465 3404
26. Baloyi Masango Inc	Musa Masango		info@bmpincorporated.co.za	012 342 7178
27. Hindsight Behlale	G P Le Roux			012 980 0759
28. Vunani Capital	Teboho Mogobata			011 263 9500
29. Routledge Modise Inc Practicing				011 286 6900
30. Mkwanazi Inc	Nhlanhla			076 416 6851
31. Luvhomba	Njabu		generaloperations@luvhambagroup.co.za	072 844 0908
32. Makhubela Attorneys	Tiisetso			082 637 5084
33. Webber Wentzel Attorney	Morris Kupayi		Morris.kupayi@webberwentzel.com	011 530 5000
34. SUB Co	Mark			011 669 900
35. Ngidi & Co Inc	William		ngpl@ngplawyer.co.za	071 118 6150
36. Nedbank	Daniel		danielj@nedbank.co.za	082 829 7389
37. PWC	Greg Trutter		greg.trutter@za.pwc.com	011 797 4661
38. Creko Finance	Rick		rick@veringa.co.za	083 381 6425
39. AloeCap	UAB			011 783 1600
40. Quartile Capital	Kwado Obeng-Manu		modise@qcapital.co.za	011 442 5605
41. Deloitte & Touche	Marcia Ntechane		mntechane@deloitte.co.za	083 206 8542
42. L Mbonyi Inc	Lalathi Mboyi		lalathi@lalathimboyi.co.za	011 543 2321
43. Kabela Consulting	Kabela		kabela@kabelaconsulting.co.za	084 505 5531
44. Lankabelelo Attorneys	Lindie Lankabelelo		lindie@langainc.co.za	011 039 4593
45. Ndimiso Voyi Inc	Burah Mkapini		burah@voyi.co.za	011 312 7536
46. EY/Sekala Xabiso	Richard Goussart		richard.goussard@za.eg.com	083 235 7818
47. Prince Mdu & Associates	Prince Mdu		prince@pm-attorneys.co.za	011 079 6442
48. Moyo Inc	Joseph		moyo@moyoincorporated.co.za	012 335 0817
49. KNT Inc	Moses			083 457 9898
50. Sotobe Chartered	Nkuli		sifiso@sotobe.co.za	083 419 0277



Annexure "PHB 16"

PHB 16

To: Jonathan Loeb[JonathanL@regiments.co.za]
Cc: Eric Wood[EricW@regiments.co.za]; Tewodros Gebreselasie[TewodrosG@regiments.co.za]; Percy Khoza[percy.khoza@gmail.com]
From: Zarina Kellerman
Sent: Thur 10/3/2013 2:13:18 PM (UTC)
Subject: Re: Regiments Alexkor NDA
[Regiments.pdf](#)

Signed NDA on our end.

Sincerely
Zarina

From: Jonathan Loeb <JonathanL@regiments.co.za>
Date: Thu, 3 Oct 2013 14:22:30 +0200
To: ZARINA KELLERMAN <zarina@kellerman.com>
Cc: Eric Wood <EricW@regiments.co.za>, Tewodros Gebreselasie <TewodrosG@regiments.co.za>, Percy Khoza <percy.khoza@gmail.com>
Subject: RE: Regiments Alexkor NDA

Hi Zarina

Thanks for the email and amended NDA. I'm comfortable with the edits – please see attached a signed PDF copy. Please sign and return a copy to us. Thanks also for the Master Supply Agreement; which will of course be treated as confidential.

Kind regards
Jonathan

From: Zarina Kellerman [<mailto:Zarina@Kellerman.com>]
Sent: 03 October 2013 12:51 PM
To: Jonathan Loeb
Cc: Eric Wood; Tewodros Gebreselasie; Percy Khoza
Subject: FW: Regiments Alexkor NDA
Importance: High

Hi Jonathan

Any news on the amended NDA? I would like to send you the Eskom Master Supply in advance, on your word of course that you would keep its contents confidential.

Thanks
Zarina



Ms Zarina Kellerman
Chief Legal Officer

From: Percy Khoza <percyk@alexkor.co.za>
Date: Tue, 1 Oct 2013 15:44:30 +0000
To: ZARINA KELLERMAN <zarina@kellerman.com>
Subject: Fwd: Regiments Alexkor NDA

Two handwritten signatures in black ink, one appearing to be 'A' and the other a more complex signature.

Regards Percy

Begin forwarded message:

From: Jonathan Loeb <JonathanL@regiments.co.za>
Date: 01 October 2013 16:44:45 SAST
To: "percyk@alexkor.co.za" <percyk@alexkor.co.za>
Cc: Tewodros Gebreselasie <TewodrosG@regiments.co.za>, Eric Wood <EricW@regiments.co.za>
Subject: Regiments Alexkor NDA

Hi Percy

It was good to meet you earlier.

Please see attached for your review a draft NDA between Regiments and Alexkor. Please distribute to your team as I did not receive email addresses. If you're comfortable with the document as is, please fill in the blank spaces, sign and scan back to me for counter-signature. Should you have any comments or proposed edits, please mark these up on the document. Once finalised, we would be in a position to receive and review the master coal supply agreement.

Thanks and kind regards
Jonathan

A handwritten signature in black ink, appearing to be 'S. Wood', located in the bottom right corner of the page.

Annexure "PHB 17"

PHB 17

1

NON-DISCLOSURE AGREEMENT

between

Regiments Capital (Pty) Ltd

and

ALEXKOR SOC LTD

PN
A
2
J

THE PARTIES AGREE AS FOLLOWS:**1 INTERPRETATION**

1.1 In this Agreement, unless inconsistent with or otherwise indicated by the context:

1.1.1 "this Agreement" means the agreement as set out in this document;

1.1.2 "Business Day" means any day other than a Saturday, Sunday or official public holiday in the Republic of South Africa;

1.1.3 "confidential information" means without limiting the generality of the term, any:

1.1.3.1 technical, scientific, commercial, financial or market information, know-how or trade secrets;

1.1.3.2 data concerning business relationships, architecture, information, demonstrations, processes; and

1.1.3.3 all other information in whatever form exchanged between the Parties, whether or not subject to or protected by common law or statutory laws relating to copyright, patent, trade marks, registered or unregistered, or otherwise,

which is disclosed or communicated to the receiving party by the disclosing party in connection with or arising out of the interaction;

PN

Handwritten signature and initials, including a large stylized signature and the letters 'PN' written vertically.

- 1.1.4 "the interaction" means any interaction between Alexkor and Regiments;
- 1.1.5 "the disclosing party" means any party who discloses the confidential information to the other party;
- 1.1.6 "ALEXKOR" means ALEXKOR SOC LTD (Registration No. 1992/006368/06), a state owned company incorporated in the Republic of South Africa, a juristic entity established in terms of the Alexkor Act 116 of 1992;
- 1.1.7 "Regiments" means Regiments Capital (Pty) Ltd (Registration No. 2004/023761/07), a limited liability company duly registered and incorporated in South Africa and carrying on business at 91 Central Street Houghton 2198, South Africa;
- 1.1.8 "the parties" means the parties to this Agreement being Regiments and ALEXKOR;
- 1.1.9 "the receiving party" means any party who receives or acquires the confidential information from the other party.

2 BACKGROUND

- 2.1. The Parties are in discussion regarding the potential provision of financial advisory and other services to Alexkor by Regiments;
- 2.2. It is inevitable that in relation to the above each party will disclose confidential information to the other party. The parties thus herein agree on the terms and conditions of disclosure of confidential information.

PH

Handwritten signature and initials, possibly 'W.A.' and 'J.P.', written in black ink.

3 DURATION

- 3.1 This agreement shall commence on the date of signature by the last signing party and the confidentiality obligations of the parties shall remain in full force and effect for a period of 2 (two) year from such date of signature.

4 RESTRICTIONS ON DISCLOSURE AND USE OF THE INFORMATION

- 4.1 The receiving party may disclose the confidential information only to its directors, officers, employees, agents, consultants, professional consultants and representatives officially engaged by the receiving party in the Interaction (collectively its "Representatives") and then only such Representatives to whom such disclosure is reasonably necessary.

- 4.2 The receiving party and its Representatives agree –

- 4.2.1. not to disclose the confidential information to any third party for any reason or purpose whatsoever without the prior written consent of the disclosing party, save in accordance with the provisions of the Agreement;

- 4.2.2 not to utilise, employ, exploit or in any other manner whatsoever use the confidential information disclosed pursuant to the provisions of this Agreement for any purpose whatsoever other than strictly in relation to the Interaction;

- 4.2.3. that the unauthorised or unlawful use or disclosure of the confidential information may cause irreparable loss, harm and damage to the disclosing party;

Handwritten signature and initials. The initials "PN" are written on the left, and a large, stylized signature is written to the right.

accordingly, the receiving party shall be liable to the disclosing party for any loss, action, expense, claim, harm or damage, of whatsoever nature, suffered or sustained by the disclosing party pursuant to breach by the receiving party (or any of its Representatives to whom disclosure is made in terms of this Agreement), provided always the receiving party shall not be liable for consequential damages.

- 4.3 Unless the parties otherwise agree in writing, any documentation or records relating to the disclosing party's confidential information which come into the possession of the receiving party during the existence of this Agreement –
- 4.3.1 shall be deemed to form part of the confidential information of the disclosing party;
- 4.3.2 shall be deemed to be the property of the disclosing party;
- 4.3.3 shall not be published or circulated by the receiving party or otherwise disclosed save in terms of this Agreement;
- 4.3.4 shall not be copied or reproduced by the receiving party other than strictly in accordance with the requirements of the Interaction, and any such copies and reproductions shall be kept separate from other documents and records of the receiving party;
- 4.3.5 shall be surrendered to the disclosing party on request, and the receiving party shall not retain any extracts thereof.
- 4.4 The receiving party undertakes that it shall ensure that any persons who may have the opportunity of receiving or having

PN


access to any of the confidential information of the disclosing party are aware of the terms and conditions of this Agreement.

5 TITLE

5.1 All confidential information disclosed by the disclosing party to the receiving party is proprietary to the disclosing party.

5.2 The disclosing party does not confer any rights of whatsoever nature in such confidential information to the receiving party.

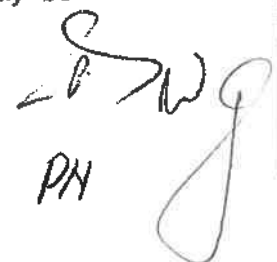
6. STANDARD OF CARE

The receiving party agrees to protect the confidential information of the disclosing party by using the same standard of care used to safeguard its own confidential information, and taking all reasonable steps to prevent any unauthorised disclosure of such confidential information.

7. RETURN OF INFORMATION

7.1 The disclosing party may, at any time by way of written notice to the receiving party, require the receiving party to return any material containing, pertaining to or relating to the confidential information and to expunge such confidential information from any word processor, computer or other similar device into which it was entered or programmed, and may, in addition, require the receiving party to furnish a written statement (certified as correct by a director of the receiving party) to the effect that, upon such return, the receiving party has not retained in its possession, or under its control, either directly or indirectly, any such material.

7.2 As an alternative to the return of the material contemplated above, the receiving party shall, at the instance of the disclosing party, subject to any laws that the receiving party may be

Handwritten signature and initials, including the letters 'PN' and a large stylized signature.

subject to, destroy such material and furnish the disclosing party with a written statement (certified as correct by a director of the receiving party) to the effect that such material has been destroyed.

- 7.3 The receiving party shall comply with all requirements in terms of this clause 7 within 7 (seven) days of receipt of written notice thereof.

8 EXCLUDED INFORMATION

- 8.1 The obligations of the receiving party pursuant to the provisions of this Agreement shall not apply to any information that –
- 8.1.1 is known to or is in the possession of the receiving party prior to disclosure thereof by the disclosing party;
- 8.1.2 is or becomes publicly known, otherwise than pursuant to a breach of this Agreement by the receiving party;
- 8.1.3 is acquired independently of the disclosing party by the receiving party in circumstances that do not amount to a breach of the provisions of this Agreement;
- 8.1.4 is disclosed or retained by the receiving party to satisfy the order of a court of competent jurisdiction or to comply with provisions of any law or regulations in force from time to time, provided that in these circumstances and where not prohibited by any law or regulations, the receiving party shall advise the disclosing party in writing prior to such disclosure to enable the disclosing party to take whatever steps it deems necessary to protect its interest in this regard. Provided further that the receiving party will disclose only that portion of the information

PN

Handwritten signature and initials, possibly 'PN' and 'WJ', located at the bottom right of the page.

which it is legally required to disclose and the receiving party will use its reasonable endeavours to protect the confidentiality of such information to the widest extent possible in the circumstances;

8.1.5 is disclosed to a third party pursuant to the written authorisation from the disclosing party.

8.2 The onus shall be on the receiving party to demonstrate that the provisions of this clause apply to the confidential information.

9 GOVERNING LAW

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Republic of South Africa.

10 NOTICES AND DOMICILIA

10.1. The parties choose as their *domicilia citandi et executandi* their respective addresses set out in this clause for all purposes arising out of or in connection with this Agreement, at which addresses all processes and notices arising out of or in connection with this Agreement, its breach or termination may validly be served upon or delivered to the parties.

10.2 For the purpose of this Agreement the parties' respective addresses shall be –

10.2.1 Regiments at –

10.2.1.1 Physical Address: 91 Central Street Houghton 2198,
South Africa

Handwritten signature and initials in the bottom right corner of the page. The signature appears to be 'J. J.' with a large flourish. Below it are the initials 'WJ' and 'PN'.

10.2.1.2 Postal Address: Postnet Suite 25, Private Bag
X11, Blrnam Park 2015

10.2.1.3 Telephone No.: (011) 715 0300

10.2.1.4 Telefacsimile: (011) 715 0352

10.2.1.5 Contact Person: Eric Wood

10.2.2 ALEXKOR at –

10.2.2.1 Physical and Postal Address: 8A Jellicoe Avenue,
Rosebank

10.2.2.3 Telephone No.: (011) 788 8809

10.2.2.4 Telefacsimile No: (011) 788 8869

10.2.2.5 Contact Person: Percy Khoza

or at such other address, not being a post office box or poste restante, of which the party concerned may notify the other in writing.

10.3 Any notice given in terms of this Agreement shall be in writing and shall

–
10.3.1 if delivered by hand to the addresses in clauses 10.2.1.1 or 10.2.2.1 between the hours of 08:00 and 17:00 on any Business Day be deemed to have been duly received by the addressee on the date of delivery;

Handwritten signatures and initials in the bottom right corner of the page. There are three distinct marks: a stylized signature, the initials 'PN', and another signature.

- 10.3.2 if sent by registered post to the addresses in clauses 10.2.1.2 or 10.2.2.2 be deemed to have been duly received by the addressee 7 (seven) day after postage;
- 10.3.3 if successfully transmitted by facsimile be deemed to have been received by the addressee 1 (one) Business Day after dispatch.
- 10.4 Notwithstanding anything to the contrary contained in this agreement, a written notice or communication actually received by one of the parties from another shall be adequate written notice or communication to such party.

11 WHOLE AGREEMENT

This Agreement constitutes the whole agreement between the parties as the subject matter hereof and no agreements, representations or warranties between the parties other than those set out herein are binding on the parties.

12 VARIATION

No addition to or variation, consensual cancellation or novation of this Agreement shall be of any force or effect unless reduced to writing and signed by both parties or by their duly authorised representatives and no waiver of any right of either party arising from this Agreement or its breach or termination shall be of any force or effect unless reduced to writing and signed by the party waiving its right.

13 RELAXATION

No latitude, extension of time or indulgence which may be given or allowed by either party to the other in respect of the performance of any obligation hereunder or the enforcement of any right arising from this Agreement and no single or partial exercise of any right by either

Handwritten signatures and initials in the bottom right corner of the page. There are three distinct marks: a large, stylized signature, a smaller signature below it, and the initials 'PN' at the bottom left of the signature area.

party shall under any circumstances be construed to be an implied consent by such party or operate as a waiver or a novation of, or otherwise affect any of that party's rights in terms of or arising from this Agreement or estop such party from enforcing, at any time without notice, strict and punctual compliance with each and every provision or term hereof.

14 SEVERABILITY

If any provision in this agreement is found by any court of competent jurisdiction to be invalid, unlawful or unenforceable, such provision shall not invalidate the remaining provisions of this Agreement.

15 COUNTERPARTS

15.1 This Agreement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument.

15.2 In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

SIGNED at HOUGHTON on this 3rd day of OCTOBER 2013

For: REGIMENTS CAPITAL (PTY) LTD



(Name of signatory in block letters)

(who warrants that he/she is duly authorised thereto)

SIGNED at Rosebank on this 3rd day of OCTOBER 2013

For: **ALEKOR SOC LIMITED**

Percival Khoza

(Name of signatory in block letters)

A. Kuyler

(who warrants that he/she is duly authorised thereto)

Handwritten initials 'JK' and a signature 'A. Kuyler' with a flourish below it.

Annexure "PHB 18"

PHB 18

**DELIVERED BY EMAIL**

Ms Zarina Kellerman
Alexkor SOC Limited

E-mail: zarinak@alexkor.co.za

Johannesburg Office
155 5th Street
Sandton 2196 South Africa
Private Bag 10015
Sandton 2146
Docex 111 Sandton
Tel +27 11 535 8000
Fax +27 11 535 8600
www.werksmans.com
enquiries@werksmans.com

YOUR REFERENCE: Ms Zarina Kellerman
OUR REFERENCE: Mr D Walker/dcw/ALEX4761.11/#2483700v2
DIRECT PHONE: +27 11 535 8207
DIRECT FAX: +27 11 535 8707
EMAIL ADDRESS: dwalker@werksmans.com

11 October 2013

Dear Zarina

ESKOM SOC LIMITED ("ESKOM") / ALEXKOR SOC LIMITED

- 1 We have been informed that –
 - 1.1 the Minister of the Department of Public Enterprises ("**the Minister**") has mandated Alexkor SOC Limited ("**Alexkor**") to explore the role that it can play in the beneficiation value chain, with a particular emphasis on the coal mining industry;
 - 1.2 accordingly, Alexkor and Eskom are negotiating a co-operation agreement ("**the Co-operation Agreement**") pursuant to which such companies will, inter alia, identify, evaluate and implement coal and/or lime supply opportunities which comply with certain agreed requirements ("**Projects**"); and
 - 1.3 Alexkor and Eskom will co-operate exclusively in relation to such Projects so as to achieve their respective strategies and transform the coal mining industry.
- 2 We have been provided with a copy of the Co-operation Agreement and we note that clause 8.10 of such agreement ("**the Exclusivity Clause**") provides as follows –

"8.10 Exclusivity

8.10.1 *Subject to clause 8.10.2, the Parties agree to pursue Projects that fall within the scope of clause 8.1 only in terms of this Agreement. It is specifically noted herein that the Projects so pursued shall fall within the shareholder's strategy to transform the industry.*

Werksmans Inc. Reg. No. 1990/007215/21 Registered Office 155 5th Street Sandton 2196 South Africa

Directors DG Williams (Chairman) AL Armstrong DA Arteiro T Bata NMN Bhengu L Bick JM Bortz TK Bortz GT Bossr TJ Boswell MC Brönn W Brönn PF Burger PG Cleland JG Cloete PPI Coetser C Cole-Morgan D Corbett JN de Villiers GW Driver LJ du Preez RJ Feenstra S Fodor SJ Gardiner D Gewer H Goolam R Gootkin ID Gouws GF Griessel D Hertz J Hollesen VR Hosiosky BB Hotz HC Jacobs TL Janse van Rensburg G Johannes S July J Kallmeyer A Kenny BM Kew N Kirby HA Kotze S Krige P le Roux MM Lessing E Levenstein JS Lochner L Louw DA Loxton JS Lubbe BS Mabasa PK Mabaso PM Madala MPC Manaka G Marinus H Masondo TA Mthiyane J Nickig JJ Niemand GA Nott BPF Olivier WE Oosthuizen M Pansegrouw CP Pauw AV Pillay C Pillay BC Price AA Pyzikowski RJ Raath L Rood BR Roothman W Rosenberg NL Scott LK Silberman MB Simon JA Smit CI Stevens PO Steyn J Stockwell JG Theron JJ Truter KJ Trudgeon DN van den Berg HA van Niekerk FJ van Tonder JP van Wyk A Vatalidis RN Wakefield DC Walker D Wegierski M Wiehahn DC Willans E Wood BW Workman-Davies

ALEX4761.11/#2483700v2
11102013



8.10.2 *Clause 8.10.1 shall not apply to Projects (i) for which a Project Proposal is delivered to the Working Committee, but is then rejected by either the Working Committee or the Steering Committee, or (ii) in respect of which at least one Project Agreement is not entered into within 36 months of the Project in question having been approved by the Steering Committee."*

3 We further note that clause 15 ("**the Competition Clause**") provides as follows –

"15 COMPETITION LAW

The Parties record and confirm that the purpose of this Agreement is not to create any arrangement of whatsoever nature prohibited by the applicable Laws regulating competition."

4 Against the foregoing background, we have been asked to provide our initial high level views on any key "procurement" or "competition" issues that should be considered by Alexkor and Eskom when finalising the Co-operation Agreement. When considering such issues, we have also been requested to take into account the fact that Alexkor's ultimate objective is to –

- 4.1 secure the ability to supply to Eskom approximately 20% of its new coal supply requirements; and
- 4.2 structure all coal supply agreements between Alexkor (or entities in which it holds an interest) and Eskom on a "cost plus" basis.

Our views on these issues are outlined below.

5 Procurement issues

5.1 The Constitution of the Republic of South Africa, 1996 ("the Constitution")

5.1.1 Sub-sections 217 (1) to (3) of the Constitution require that when organs of state contract for goods or services, they must do so in accordance with national or provincial legislation that establishes a system which is fair, equitable, transparent, competitive and cost-effective. We see no reason why the Co-operation Agreement and the Projects cannot be structured on this basis.

5.1.2 Section 41 of the Constitution clearly obliges all organs of State to "co-operate with one another in mutual trust and good faith" by "assisting and supporting one another" and "coordinating their actions and legislation with one another". Clearly section 41 of the Constitution contemplates co-operation between entities such as Eskom and Alexkor in the best interests of South Africa as a whole. In our view, the co-operation contemplated in the Co-operation Agreement falls within the categories of co-operation contemplated in section 41 of the Constitution.

5.2 The Preferential Procurement Policy Framework Act

5.2.1 This legislation gives effect to section 217(3) of the Constitution and provides a framework for the implementation of the procurement policy contemplated in section 217(3).

5.2.2 In terms of this Act, an organ of state must determine its preferential procurement policy and implement it utilising a preference point system unless exempted from doing so by the Minister on the basis that (a) it is in the interests of national

  2

ALEX4761.11/#2483700v2
11102013



security; (b) the likely tenderers are international suppliers; or (c) it is in the public interest.

5.2.3 We believe that part (c) above applies in relation to the proposed collaboration between Alexkor and Eskom.

5.3 **Public Finance Management Act No 1 of 1999 (as amended) ("PFMA")**

5.3.1 We are not aware of any provisions of the PFMA, or the Treasury Regulations promulgated under the PFMA ("**Treasury Regulations**"), which prohibit the conclusion or implementation of the Co-operation Agreement, or the Exclusivity Clause in such agreement.

5.3.2 Alexkor and Eskom will however be obliged to ensure that the Co-operation Agreement is structured, approved and implemented in accordance with the PFMA and the Treasury Regulations. By way of example, Section 54 of the PFMA provides that before a public entity participates in a significant partnership, trust, unincorporated joint venture or similar arrangement, or commences a significant business activity, the accounting officer for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to the relevant Minister for approval of the transaction.

5.3.3 While Alexcor (and possibly Eskom) will require approval in terms of section 54 of the PFMA, before they begin to co-operate in terms of the Co-operation Agreement, this should be a formality as the Co-operation Agreement was mandated by the Minister.

6 **Competition issues**

6.1 **The Competition Act No 89 of 1998 ("the Act")**

6.1.1 The cooperation (and potential supply) arrangement to be entered into between Alexkor and Eskom must be assessed in terms of sections 5(1), 8(d)(i), 8(c) and 8(a) of the Act.

6.1.2 The Act applies to all economic activity within, or having an effect within, the Republic, even such activities carried out by the State.

Restrictive Vertical Practices

6.1.3 In terms of section 5(1), an agreement between parties in a vertical relationship (such as a supply arrangement) will be prohibited if it has the effect of substantially preventing or lessening competition in a market, *unless* the firms concerned can raise technological, efficiency or pro-competitive benefits which outweigh any anticipated anti-competitive effect.

6.1.4 The primary competition concern raised within the context of vertical agreements is the risk of foreclosure. For example, *customer foreclosure* may occur where a supplier and a customer enter into an arrangement which prevents the customer from sourcing its input from alternative suppliers. In contrast, *input foreclosure* may occur where a distributor enters into an exclusive arrangement with a supplier, thereby depriving competing distributors of access to the product.

6.1.5 In circumstances in which a vertical arrangement limits the ability of competitors of either party to the agreement to gain access to input, or customers, there is a risk

3

ALEX4761.11/#2483700v2
11102013



that the arrangement will be prohibited. Importantly, however, the risk of foreclosure is only relevant where one party to the arrangement occupies a dominant position on the relevant market. This *proviso* is particularly important when one considers the benefits traditionally associated with vertical agreements, such as incentivising investment, the promotion of non-price competition and improved quality of services.

Exclusionary Conduct

- 6.1.6 In terms of section 8(d)(i) of the Act, it is prohibited for a dominant firm¹ to require or induce a supplier or customer to not deal with a competitor. Such conduct is regarded as being an exclusionary act and will be permissible only if justified with reference to significant technological, efficiency or pro-competitive gains. Similarly, the catch-all set out under section 8(c) of the Act prohibits exclusionary conduct² by a dominant firm, without specifying the conduct which may be regarded by the competition authorities as being anti-competitive.
- 6.1.7 The inclusion of a provision which obliges a customer to purchase a minimum quantity is commonly known as a minimum purchasing requirement or quantity forcing. In circumstances in which a supplier obliges a customer to procure all, or a significant portion, of its input requirements from that supplier, with the result that the supplier's competitors are deprived of a route to market, such a requirement is likely to raise significant competition concerns. However, if the quantity secured by the supplier is comparatively small, relative to the total size of the market (which would be the case if the customer were not a significant consumer of the total product sold on the market, or where the quantity purchased by that customer from the supplier was a small percentage of its total requirements), provided the supplier's competitors continue to be able to supply other customers (or that same customer), thereby remaining active on the relevant market, it is unlikely that any significant competition concerns will arise.

Excessive Pricing

- 6.1.8 In terms of section 8(a) of the Act, it is prohibited for a dominant firm to charge an excessive price to the detriment of consumers. An "excessive price" is defined in section 1(1)(xi) as a price for a good or service which bears no reasonable relation to the economic value of that good or service and is higher than the aforesaid economic value.
- 6.1.9 In *Mittal Steel South Africa Ltd v Harmony Golding Mining Co Ltd*³, the Competition Appeal Court ("CAC") held that in determining whether or not a price was excessive, it is necessary to consider the relationship between the price charged for the product and its economic value (being a monetary amount), taking into account the value of the product both to the vendor and the purchaser, as evidenced by the following:
- 6.1.9.1 production costs;
- 6.1.9.2 the seller's profitability;

¹ A dominant firm is defined in section 7 of the Act as a firm holding a market share in excess of 35 -45%, alternatively, as a firm possessive of market power (being the ability to act independently of its customers, suppliers and competitors).

² An "exclusionary act" is defined in section 1(1)(x) as "an act that impedes or prevents a firm entering into, or expanding within, a market".

³ Case No. 70/CAC/Apr07

4

ALEX4761.11/#2483700v2
11102013



- 6.1.9.3 the value of the product to the customer;
- 6.1.9.4 ancillary conduct (such as steps taken to ensure that the dominant firm is able to charge a high price);
- 6.1.9.5 prices of comparable products in comparable markets;
- 6.1.9.6 reward for risk or innovation; and
- 6.1.9.7 the inherent characteristics of the market.
- 6.1.10 If, by these measures, it is determined by the competition authorities that the price charged is excessive, it then falls to be considered whether the excessive price is to the detriment of consumers.

6.2 Application of competition issues

- 6.2.1 We are advised that Eskom purchases approximately 50% of the total coal sold in South Africa⁴. It is likely that Eskom will be regarded as a dominant purchaser of coal within the national market. For this reason, its conduct falls to be regulated by both section 5(1) and section 8 of the Act. It should be noted, however, that the South African market for the supply and purchase of coal may be segmented according to the coal's elemental composition, intended use/functionality, size or calorific content⁵. The Competition authorities have identified at least three separate markets, namely for tied domestic sales (in which Eskom purchases fall), for non tied domestic sales and for export sales.
- 6.2.2 Alexkor is not yet active in any of the markets for the mining and supply of coal. As such, the company will be regarded as a potential competitor of firms such as Anglo Coal, BHP Billiton Energy Coal South Africa, Exxaro Resources, Sasol Mining and Xstrata Coal South Africa and, subsequently, a new entrant to the relevant market. Alexkor's conduct will thus be regulated only in terms of section 5(1) of the Act. We caution, however, that in due course it will have to be considered if the companies with which Alexkor forms cooperative or joint venture relationships have significant market shares.
- 6.2.3 Bearing in mind that Alexkor ultimately seeks to secure a minimum purchasing requirement equal to 20% of Eskom's total annual coal demand, we do not regard the proposed quantity forcing arrangement to raise significant concerns in terms of section 5(1), 8(d)(i) or 8(c). Our reasons are as follows:
 - 6.2.3.1 the remaining 80% of Eskom's annual coal requirements will need to be satisfied by competitors of Alexkor, ensuring that these firms will have access to Eskom as a new or existing customer;

⁴ South Africa produces approximately 250 Mt of coal per annum, of which Eskom purchases approximately 130Mt.

⁵ See for example *Anglo American / Kumba Resources* (Case No. 46/LM/Jun02); *Lexshell 668 Investments (Pty) Ltd / Wakefields Investments (Pty) Ltd* (Case No. 82/LM/Oct06); *Kumba Resources / Mainstream 333 (Pty) Ltd* (Case No. 14/LM/Feb06); *Lexshell 826 (Pty) Ltd / Uncebo Mining* (Case No. 09/LM/Feb11) and *Glencore International Plc / Xstrata Plc* (Case No. 33/LM/Mar12).

ALEX4761.11/#2483700v2
11102013





- 6.2.3.2 we are advised that South Africa exports a significant portion of its coal resources to more lucrative international markets such as India and China⁶. These exports will continue to be available notwithstanding any arrangement entered into between Alexkor and Eskom. In other words, competitors of Alexkor will continue to have a viable route to market. In addition, existing merchant, residential and metallurgical customers will continue to require access to coal;
- 6.2.3.3 we expect that significant efficiency benefits will arise as consequence of the quantity forcing arrangement and vertical integration, which could be passed on to consumers under the supervision of the DPE; and
- 6.2.3.4 the minimum purchasing requirement will go a long way to ensuring that Alexkor becomes a viable competitor in the relevant market, thereby promoting competition amongst firms in the coal mining industry.
- 6.2.4 With regard to section 8(a) of the Act, we recommend that Alexkor have reference to the guidelines set out by the CAC in the *Mittal* decision when determining the price at which it will sell coal to Eskom. It is emphasised, however, that unless and until Alexkor achieves a position of dominance in the South African coal mining industry it will, in principle, be free to price its coal as it sees fit. However, once a position of dominance is obtained it will be advisable for Alexkor to review the manner in which it sets its prices. Generally speaking, the adoption of a cost -plus pricing model which affords a firm a reasonable margin will not raise significant concerns in a competitive market⁷.
- 6.2.5 We do not regard the proposed Co-operation Agreement to be entered into between Alexkor and Eskom as raising significant competition concerns.

7 Conclusion

- 7.1 While the Co-operation Agreement and the Projects must be carefully structured, based on our initial analysis, we are not aware of any law that prohibits the implementation of such arrangements.
- 7.2 We confirm that the initial views expressed in this letter have been prepared on very short notice and that such views should be confirmed through a formal legal opinion, which will be prepared in due course.
- 7.3 This letter has been provided on the basis of the facts recorded above, the specific wording of the Co-operation Agreement and South African law in force, as at the date of this letter. Any change to such facts or law may affect the views set out in this letter. This letter is provided for your exclusive use. Accordingly, it may not be relied on by any third party and we shall have no liability to any third party. The aggregate liability of Werksmans, its directors, employees, agents and sub-contractors to the addressee (whether in contract, delict, or otherwise) arising from or in connection with this letter and the views expressed herein is limited to twice the amount charged and received by Werksmans (excluding VAT) in connection with this letter and the views expressed herein.

⁶ It is estimated that 28% of the total coal mined in South Africa is exported (see Presentation by Minister of Public Enterprises entitled 'An Engagement on Black Emerging Mining Development in securing domestic coal energy supply', slide5)..

⁷ Court of Appeal, Judgment of 2 February 2007, *Attheraces Ltd & Anor v The British Horseracing Board Ltd & Anor* Rev 2 [2007] EWCA Civ 38, available at <http://www.bailii.org/ew/cases/EWCA/Civ/2007/38.html> in Geradin, 2007.

  6

ALEX4761.11/#2483700v2
11102013



8 We trust that the initial views expressed in this letter will be of some assistance to you and we look forward to hearing from you in due course.

Yours faithfully

Werksmans Attorneys

A handwritten signature in black ink, appearing to be 'J. G.' followed by a small number '7'.

Annexure "PHB 19"

To: Zarina@Kellerman.com[Zarina@Kellerman.com]
Cc: percyk@alexkor.co.za[percyk@alexkor.co.za]; Eric Wood[EricW@regiments.co.za]; Jonathan Loeb[JonathanL@regiments.co.za]
From: Tewodros Gebreselasie
Sent: Mon 10/7/2013 12:07:33 PM (UTC)
Subject: Info on the RFP document

PHB 19

Good afternoon,

As promised, we are in the process of preparing the RFP document for the panel of financial services providers. We will be able to send it to you before close of business today. Can you please forward me your standard adjudication template and standard scorecard, if you have any?

Your prompt response is highly appreciated.

Regards



Tewodros Gebreselasie
Senior Economic Advisor

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Blinam Park 2015

Tel: +27 11 715 0300 Direct: +27 11 715 0337 Fax: +27 11 715 0352

Mobile: +27 72 151 8809 E-mail: tewodros@regiments.co.za www.regiments.co.za

Regiments Advisory is a subsidiary of Regiments Capital (Pty) Ltd FSP Number 16811 Reg. No. 2004/013761/07

A handwritten signature in black ink, appearing to be the name "Tewodros Gebreselasie", written in a cursive style.

Annexure "PHB 20"

To: Tewodros Gebreselasie[TewodrosG@regiments.co.za]
Cc: percyk@alexkor.co.za[percyk@alexkor.co.za]; Eric Wood[EricW@regiments.co.za]; Jonathan Loeb[JonathanL@regiments.co.za]
From: Zarina Kellerman
Sent: Mon 10/7/2013 5:52:49 PM (UTC)
Subject: Re: Info on the RFP document
[RFP.pdf](#)

PHB 20

Hi all

Only just seen the mail, apologies. Attached is our last RFP which should include everything you are looking for. Let me know if you require anything else.

Sincerely
 Zarina



Ms Zarina Kellerman
 Company Secretary and Chief Legal Officer

From: Tewodros Gebreselasie <TewodrosG@regiments.co.za>
Date: Mon, 7 Oct 2013 14:07:33 +0200
To: ZARINA KELLERMAN <zarina@kellerman.com>
Cc: "percyk@alexkor.co.za" <percyk@alexkor.co.za>, Eric Wood <EricW@regiments.co.za>, Jonathan Loeb <JonathanL@regiments.co.za>
Subject: Info on the RFP document

Good afternoon,

As promised, we are in the process of preparing the RFP document for the panel of financial services providers. We will be able to send it to you before close of business today. Can you please forward me your standard adjudication template and standard scorecard, if you have any?

Your prompt response is highly appreciated.

Regards



REGIMENTS ADVISORY

Tewodros Gebreselasie
 Senior Economic Advisor

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
 Tel: +27 11 715 0300 Direct: +27 11 715 0337 Fax: +27 11 715 0352
 Mobile: +27 72 151 8809 E-mail: tewodrosg@regiments.co.za www.regiments.co.za
 Regiments Advisory is a subsidiary of Regiments Capital (Pty) Ltd FSP Number 16831 Reg. No. 2004/023761/07

Annexure "PHB 21"



ALEXKOR SOC LIMITED

REQUEST FOR PROPOSAL (RFP).

RFP NUMBER: 2013 /07/01/ LAND REHABILITATION PLAN

RFP TITLE: LAND REHABILITATION PLAN

CONTENTS

- DOCUMENT A: CONDITIONS TO BE OBSERVED WHEN TENDERING**
- DOCUMENT B: DECLARATION OF INTEREST AND TENDER FORM**
- DOCUMENT C: STATEMENT OF TECHNICAL REQUIREMENTS**
- DOCUMENT D: EVALUATION CRITERIA AND GUIDELINES**
- DOCUMENT E: JOINT VENTURE AND SUBCONTRACTING**
- DOCUMENT F: BROAD BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) AND
FINANCIAL STATEMENTS**

This document has been prepared for the exclusive use of the vendors to prepare a tender proposal for the Alexkor SOC Limited ("the Company"). It is not intended for use in the public domain. It contains confidential data and planning and should be handled accordingly. To safeguard the integrity of the information contained within this enquiry, the whole or part(s) of this enquiry may not be quoted or published without the prior written consent of the Alexkor SOC Limited.

A handwritten signature in black ink, appearing to be a stylized name or set of initials.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

Document A: Conditions To Be Observed When Tendering

RFP TITLE: REHABILITATION PLAN

EXPECTED TIMEFRAME

TENDER PROCESS	EXPECTED DATES
Tender Advertisement Date	14 and 15 JULY 2013
Tender Collection Date	FROM THE 15 JULY 2013
Tender Closing Date	31 JULY 2013

The Company retains the right to change the timeframe whenever necessary and for whatever reason it deems fit. No late tender's will be considered.

REQUIRED DOCUMENTS- TO BE SUBMITTED WITH THE TENDER

- 1) Tax Clearance (verification will be done with SARS)
- 2) Bank clearance certificates must be provided
- 3) Valid BBBEE Certificate (from SANAS accredited Verification Agency) or from the Auditors approved by the Independent Regulatory Body of Auditors(IRBA)
- 4) For Exempted Micro Entrepreneurs (EME's), as per CODE 000 statement 000 (Framework for measuring BBBEE) sufficient evidence of qualification of an EME is an Auditor's certificate issued by an accounting officer or verification agency. An EME is any enterprise with an Annual Total Revenue of R5million or less.
- 5) Signed Declaration of Interest Form and Signed Tender Form (**Document B**)
- 6) Company Registration Documents
- 7) Shareholders' certificates
- 8) ID documents of the shareholders
- 9) Last three years audited financial statements or Bank Rating (**Document E**)



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN
Document A: Conditions To Be Observed When Tendering

DOCUMENT A

CONDITIONS TO BEOBSERVED WHEN TENDERING

1.	Scope of Tender	Alexkor SOC Limited (hereinafter referred to as the "Company") issues this tender document for the procurement of a 5 year land rehabilitation plan at its Alexander Bay Mine, in the Northern Cape Province.
2.	Eligible tenders	The tenderer is expected to examine all instructions, forms, terms, and specifications in the tender document. Failure to furnish all information or documentation required may result in the rejection of the Tender.
3.	Clarification of Tender	<p>A prospective tenderer requiring any clarification of the tender document shall contact the Company in writing at the e-mail address of the contact person provided in the tender invitation in this tender document. The Company will respond to any request for clarification within two working days, provided that such a request is received prior to the deadline for submission of Tenders. The response shall be in writing with copies to all tenderers who have acquired the tender document (inclusive of a description of the inquiry but without identifying its source). Should the Company deem it necessary to amend the tender document as a result of a request for clarification, it shall do so in writing to all prospective tenderers.</p> <p>Should there be a difference of interpretation between the Tenderer and Company; the Company reserves the right to make a final ruling on such interpretation.</p>
4.	Amendment of Tender Document	At any time prior to the deadline for submission of Tenders, the Company may amend the tender document by issuing addenda. Any addendum issued shall be part of the tender document and shall be communicated in writing to all who have obtained the tender document. To give prospective tenderers reasonable time in which to make an addendum to their Tenders. The Company may, at its discretion, extend the deadline for the submission of Tenders.
5.	Rejection of proposal	The Company reserves the right to reject a proposal for award if it determines that the tenderer recommended for award has engaged in prohibited practices in competing for the contract in question.
6.	Cost of tendering	The tenderer shall bear all costs associated with the preparation and submission of its Tender, and the Company shall not be responsible or liable for those costs, regardless of the conduct or outcome of the Tendering



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

Document A: Conditions To Be Observed When Tendering

		process.
7.	Language of Tender	The Tender, as well as all correspondence and documents relating to the Tender exchanged by the tenderer and the Company, shall be written in the English language. Supporting documents and printed literature that are part of the Tender must also be in the English language.
8.	Letter of Tender and Price Schedules	The Tender shall comprise of the following: <ul style="list-style-type: none"> a) Tender cover letter b) Completed tender form c) Proposal/description and any technical specifications d) Plan program and execution methodology with a as per technical specifications(Document C) e) Project pricing and invoicing forecast (payment schedule) f) Signed confidentiality undertaking g) Risk aspects highlighted (from Tenderer's perspective) h) Tender company references i) Schedule of proposed sub-contractors and consultants j) Insurances k) Company BBBEE status l) At the Tenderer's option, alternative proposals
9.	Alternative Tenders	Tenderers wishing to offer technical alternatives to the requirements of the tender document must first price the Company's requirements as described and shall further provide all information necessary for a complete evaluation of the alternative, including drawings, design calculations, technical specifications, breakdown of prices, proposed services methodology and any other relevant details.
10.	Tender currency	The currency of the tender and the currency for payment shall be South African Rand.
11.	Period of validity of Tenders	Tenders shall remain valid from the Tender submission deadline date to the last day of stated in this tender. A tender valid for a shorter period shall be rejected by the Company as non-responsive. In case the award is delayed beyond the expiry of the initial Tender validity, the Contract price shall be adjusted in accordance with Statistics SA escalation indices for the period in question.
12.	Tender security	A performance security (or details thereof) will not be required.
13.	Format and signing of Tenders	The tenderer shall prepare one original of the documents comprising the Tender as described in (8) above and clearly mark it "ORIGINAL." In



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

Document A: Conditions To Be Observed When Tendering

		<p>addition, the tenderer shall submit two copies of the Tender, and clearly mark it as "COPY." In the event of any discrepancy between the original and the copies, the original shall prevail.</p> <p>The original and all copies of the Tender shall be typed or written in indelible ink and shall be signed by a person duly authorised to sign on behalf of the tenderer. The name and position held by each person signing the authorisation must be typed or printed below the signature.</p> <p>Any amendments, interlineations, erasures, or overwriting shall be valid only if they are signed or initialled by the person signing the Tender.</p>
14.	Submission, sealing and marking of Tenders	<p>Tenderers may submit their Tenders by mail, electronically or by hand. Procedures for submission, sealing and marking are as follows:</p> <p>a) Tenderers submitting Tenders by mail or by hand shall enclose the original and copies of the Tender in separate sealed envelopes. The envelopes shall be duly marked as "ORIGINAL," "ALTERNATIVE," "ORIGINAL COPY," and "ALTERNATIVE COPY" and 1 (one) readable electronic copy (CD or memory stick). The electronic copy shall be a Microsoft Excel 2007 or later version (editable) compatible (or importable alternative) spread sheet. These envelopes shall then be enclosed in one single package.</p> <p>b) Tenderers submitting Tenders electronically shall engage with William Binedell regarding the electronic submission procedure.</p> <p>The inner and outer envelopes shall bear the name and address of the tenderer and be addressed to the Company. It shall bear the specific identification of this Tendering process and bear a warning not to open before the time and date for Tender opening. If envelopes and packages are not sealed and marked as required, the Company will assume no responsibility for the misplacement or premature opening of the Tender.</p>
15.	Deadline submission for of Tenders	<p>Tenders must be received by the Company at ALEXKOR SOC LIMITED 158 Jan Smuts Avenue 4th Floor ROSEBANK 2196, Johannesburg, and no later than the date and time indicated on the front page of the tender data pack.</p> <p>The Company may, at its discretion, extend the deadline for the submission of Tenders by amending the Tender Document, in which case all rights and obligations of the Company and tenderers previously subject to the deadline shall thereafter be subject to the deadline as extended.</p>
16	Late Tenders	<p>The Company shall not consider any Tender that arrives after the deadline for submission of Tenders. Any Tender received after the deadline for submission of Tenders shall be declared late, rejected, and returned</p>



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

Document A: Conditions To Be Observed When Tendering

		unopened to the tenderer.
17.	Withdrawal, Substitution, Modification and of Tenders	A tenderer may withdraw, substitute, or modify its Tender after it has been submitted by sending a written notice, duly signed by an authorised representative. The corresponding substitution or modification of the Tender must accompany the respective written notice. All notices must be received by the Company prior to the deadline prescribed for submission of Tenders. Tenders requested to be withdrawn shall be returned unopened to the tenderers. No Tender may be withdrawn, substituted, or modified in the interval between the deadline for submission of Tenders and the expiration of the period of Tender validity specified by the tenderer on the Letter of Tender or any extension thereof.
18.	Tender opening	<p>The Company's tender committee shall conduct the Tender opening in the presence of anyone who chooses to attend, and at the Alexkor Main Offices at 10H00 on the date indicated on the front page of the tender data pack. Any electronic submissions will be presented by Mr William Binedell in accordance with agreed procedures between the parties.</p> <p>The Company shall prepare a record of the Tender opening that shall include, as a minimum: the name of the tenderer and whether there is a withdrawal, substitution, or modification; the Tender Price, per lot if applicable, including any discounts and alternative proposals.</p>
19.	Confidentiality	Information relating to the evaluation of Tenders shall not be disclosed to tenderers or any other persons not officially concerned with such process until information on Contract award is communicated to all tenderers. Any attempt by a tenderer to influence improperly the Company in the evaluation of the Tenders or Contract award decisions may result in the rejection of its Tender. From the time of Tender opening to the time of Contract award, if any tenderer wishes to contact the Company on any matter related to the tendering process, it should do so in writing.
20.	Determination of responsiveness	The Company's determination of a Tender's responsiveness is to be based on the contents of the Tender itself. A substantially responsive Tender is one that meets the requirements of the Tender Document without material deviation, reservation, or omission. "Deviation" is a departure from the requirements specified in the Tender Document; "Reservation" is the setting of limiting conditions or withholding from complete acceptance of the requirements specified in the Tender Document; and "Omission" is the failure to submit part or all of the information or documentation required in the Tender Document.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

Document A: Conditions To Be Observed When Tendering

		<p>A material deviation, reservation, or omission is one that, if accepted, would affect in any substantial way the scope, quality, or performance of the technical requirements as specified in Document C; or limit in any substantial way, inconsistent with the Tender Document, the Company's rights or the tenderer's obligations under the proposed Contract; or if rectified, would unfairly affect the competitive position of other tenderers presenting substantially responsive Tenders.</p> <p>The Company shall examine the technical aspects of the Tender in particular, to confirm that all requirements of Document C have been met without any material deviation, reservation, or omission.</p> <p>If a Tender is not substantially responsive to the requirements of the Tender Document, it shall be rejected by the Company and may not subsequently be made responsive by correction of the material deviation, reservation, or omission.</p> <p>Provided that, if a Tender is substantially responsive, the Company may waive any quantifiable nonconformity in the Tender that do not constitute a material deviation, reservation or omission.</p>
21.	Qualification of Tender	<p>The Company shall determine to its satisfaction whether the tenderer that is selected as having submitted the lowest evaluated and substantially responsive Tender meets the qualifying criteria specified in Document C.</p> <p>Should Tenderer(s) be selected for further negotiations, they will be chosen based on the greatest benefit to the Company and not necessarily because of the lowest costs.</p> <p>The Company reserves the right to undertake post-tender negotiations with the preferred Tenderer or any number of short-listed Tenderers.</p>
22.	Company's right to accept any Tender, and to reject any or all Tenders	<p>The Company reserves the right to accept or reject any tender, and to annul the Tendering process and reject all Tenders at any time prior to contract award, without thereby incurring any liability to tenderers. In case of annulment, all Tenders submitted shall be promptly returned to the tenderers.</p>
23.	Award criteria	<p>The Company shall award the Contract to the tenderer in terms of the PFMA and the Preferential Procurement Policy Framework act No 5 of 2000 and in terms set out in Document D</p>
24.	Notification of award	<p>Prior to the expiration of the period of Tender validity, the Company shall notify the successful tenderer, in writing, that its Tender has been accepted. Until a formal contract is prepared and executed, the notification of award</p>



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

Document A: Conditions To Be Observed When Tendering

		shall constitute a binding Contract.
25.	Signing of contract	Promptly upon notification, the Company shall send the successful tenderer the Contract Agreement. Within five work days of receipt of the Contract agreement, the successful tenderer shall sign, date, and return it to the Company.
26.	Communication	Respondents are warned that a response will be liable to disqualification should any attempt be made by a tenderer either directly or indirectly to canvass any officer(s) or employees of ALEXKOR in respect of a tender, between the closing date and the date of the award of the business. A respondent may, however, BEFORE THE CLOSING DATE direct any enquiries relating to the RFP to the Company official Contact Person as indicated on this RFP. The closing time for clarification of queries is three (3) days before the deadline for tender submission and all queries shall be submitted via email.
27.	Technical Specifications (Document C)	All Tenderers are required to submit tenders in accordance with stipulated technical specification as indicated on this tender. Failure to comply with the required technical specification will result in disqualification.
28.	Broad Based Black Empowerment	The Company applies a policy of Broad Based Black Economic Empowerment (BBBEE) in all its employment, programmes, practices and business relationships as set out in Document F . Information submitted will be considered during the tender adjudication process. The BBBEE certificate from South African Accreditation Systems (SANAS) or from the Auditors approved by the Independent Regulatory Body of Auditors (IRBA) MUST be submitted. The Company reserves the right, should it deem it necessary, to monitor every stage of the contract to ensure: <ul style="list-style-type: none"> • that the directors who were awarded the tender are in control of the company and/or that changes in directors does not affect delivery of the contract adversely; • that, if there are changes in the control of the company, these should be brought to the attention of the Company; • that in the event that the tender or any part thereof is to be subcontracted to another company or organisation after the tender was awarded, the Tenderer must immediately advise the Company and the Company shall approve as it deems fit. • successful delivery of the contract, or timeous termination of the contract should such action be in the best interest of the Company. • Audit the successful Tenderer's contract from time to time.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

Document A: Conditions To Be Observed When Tendering

29.	Default by tenderers	If a Tenderer withdraws their tender(s) within the period for which they have agreed that their tender shall remain open for acceptance, or fails to enter into a written contract when called upon to do so; or fails to accept an order in terms of the tender, the Company may, without prejudice to any other legal remedy which it may have, accept their tender(s) notwithstanding the purported withdrawal, or proceed to accept any other less favourable tender or call for tenders afresh and may recover from the defaulting Tenderers any additional expense to which it has been put by reason of the calling for new tenders or the acceptance of any less favourable tender.
	Risk aspects	The Tenderer should highlight any risks to the Company related to any aspects of the intended plan, cost and schedule of the scope of work.
31.	Payment	<p>Payment will be made by means of a bank transfer. The Tenderer must provide: Name and address of their bank. Company account number to be credited. Verification that the number is a valid bank account of the Company</p> <p>The Company's standard payment terms are 30 days from date of statement</p>
32.	Assignment of Contract	The Tenderer shall not have the right to cede any right or delegate any obligation in terms of this contract to any third party unless with the prior written approval of the Company.
33.	Commission	The Company shall not in any way be responsible or liable for payment of the commission due on this contract as far as the total contract amount would be exceeded by any addition of such commission. The payment of commission shall be the exclusive liability of the Tenderer, which indemnifies the Company hereby against agent's claims for commission of any nature.
34.	Publications	The Tenderer shall not permit or allow any information regarding the contract works to be published in any scientific, engineering or other newspaper, periodical or publication without first obtaining the consent of the Company thereto.
35.	Law applicable	Irrespective of where this contract happens to be finally concluded, it shall be consistently deemed to have been entered into in the Republic of South Africa whose law and courts' jurisdiction shall prevail throughout, in this connection.

9



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

Document A: Conditions To Be Observed When Tendering

		The Tenderer shall be in full and complete compliance with any and all applicable State and Local laws and regulations.
36.	Proposals are considered to be binding on the tenderers	Representations made in the tender, including claims made in respect of commitments to dates of delivery, shall be considered binding on the Tenderer at the time of contract negotiation, unless specifically noted by the Tenderer in the tender.
37.	Failure to comply with these conditions	These conditions form part of the tender and failure to comply therewith may invalidate a tender.
38.	Disclaimers	<p>Tenderers are hereby advised that the Company is not committed to any course of action because of its issuance of this TENDER and/or its receipt of a tender in response to it. In particular, please note that the Company may:</p> <ul style="list-style-type: none"> • change all services on tender and to have Supplier re-bid on any changes. • reject any tender which does not conform to instructions and specifications issued herein • disqualify tenders received after the stated submission deadline • not necessarily accept the lowest priced tender • reject all tenders, if it so decides • award a contract in connection with this tender at any time • award only a portion as a contract • split the award of the contract to more than one tenderer • make no award of a contract. • Kindly note that the Company will not reimburse any Tenderer for any preparation costs or other work performed in connection with this tender, whether or not the Tenderer is awarded a contract.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN
Document A: Conditions To Be Observed When Tendering

QUERIES FROM TENDERERS

The Company has provided a single point of entry for any questions or queries that the Tenderer may have. All queries must be submitted in writing and directed to authorised contact person, whose contact details are shown below. Unauthorised communication and will result in disqualification of the respective Tenderer's tender submission.

The Authorised contact person's details for Tenderers Queries are as follows:

LERATO SACHAKA - ALEXKOR SOC LIMITED

Email: leratos@alexkor.co.za

Telephone number :011 7888809

END OF DOCUMENT A

A handwritten signature in black ink, consisting of a stylized, cursive script that starts with a large loop and ends with a long, sweeping tail.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

DOCUMENT B

DECLARATION OF INTEREST

- 1. Any legal or natural person, excluding any permanent employee of ALEKOR, may make an offer or offers in terms of this tender invitation. In view of possible allegations of favouritism, should the resulting tender, or part thereof be awarded to-
 - (a) any person employed by the ALEKOR in the capacity of Tenderer, consultant or service provider; or
 - (b) any person who acts on behalf of ALEKOR; or
 - (c) any person having kinship, including a blood relationship, with a person employed by, or who acts on behalf of ALEKOR; or
 - (d) any legal person which is in any way connected to any person contemplated in paragraph (a), (b) or (c),

it is required that:

The Tenderer or his/her authorised representative shall declare his/her position *vis-à-vis the Company* and/or take an oath declaring his/her interest, where it is known that any such relationship exists between the Tenderer and a person employed by the Company in any capacity.

Does such a relationship exists? [YES/NO]

If YES, state particulars of all such relationships (if necessary, please add additional pages containing the required information):

	[1]	[2]
NAME	:
POSITION	:
OFICE WHERE EMPLOYED	:
TELEPHONE NUMBER	:
RELATIONSHIP	:

- 2. Failure on the part of a Tenderer to fill in and/or sign this certificate may be interpreted to mean that an association as stipulated in paragraph 1, *supra*, exists.
- 3. In the event of a contract being awarded to a Tenderer with an association as stipulated in paragraph 1, *supra*, and it subsequently becomes known that false information was provided in response to the above question, the Company may, in addition to any other remedy it may have:
 - 3.1 recover from the Tenderer all costs, losses or damages incurred or sustained by the Company as a result of the award of the contract; and/or



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

3.2 cancel the contract and claim any damages, which the Company may suffer by having to make less favourable arrangements after such cancellation.

_____ SIGNATURE OF DECLARANT	_____ TENDER NUMBER	_____ DATE
_____ POSITION OF DECLARANT	_____ NAME OF COMPANY OR TENDERER	

TENDER FORM (TO BE FILLED OUT AND RETURNED WITH TENDER)

TENDER FOR THE REHABILITATION PLAN OF THE ALEXANDER BAY MINE AT THE NORTHERN CAPE AREA

**TO: ALEXKOR SOC LIMITED (THE COMPANY)
158 JAN SMUTS
4TH FLOOR, ROSEBANK, 2196
JOHANNESBURG
SOUTH AFRICA**

We offer to provide the scope of the plan / services in accordance with the accompanying sections A, B, C, D, E, and F of the tender data pack for the following sum as determined in accordance with the conditions of the contract.

The offered total of the Prices exclusive of VAT R _____

Value Added Tax @ 14% R _____

The offered total of the amount due inclusive of VAT R _____

We confirm that we have submitted all returnable schedules and documentation as required by this enquiry, that the offer is firm and binding and valid for 60 calendar days from the date hereof, that the offer is and shall remain fixed and inclusive of all allowances for price fluctuations (escalation) for the entire contract period including such reasonable extensions as may be granted, that we will upon request submit a valid and current tax certificate, that we will upon request submit a letter from the Company's bank confirming the current status and financial standing of the Company.

By signing the TENDER documents, the Tenderer is deemed to acknowledge and accept that all the conditions governing this TENDER, including those contained in any printed form stated to



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

form part thereof and the Company will recognize no claim for relief based on an allegation that the Tenderer overlooked any such condition or failed properly to take it into account for the purpose of calculating tendered prices or otherwise.

Yours sincerely,

Name(s) : (insert name and signature of authorised representative)
Capacity : (insert capacity of duly authorised representative)
On behalf of : (insert name and address of organization)
Witness name : (insert name and signature)
Date : (insert date)

END OF DOCUMENT B

A handwritten signature in black ink, consisting of a stylized, cursive script.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

DOCUMENT C

SPECIFICATION: FOR THE DEVELOPMENT OF THE OPTIMIZED HISTORICAL REHABILITATION IMPLEMENTATION PLAN FOR ALEKOR LAND MINING ACTIVITIES

1. INTRODUCTION

In line with the Company's vision of conducting business with a conscious, the Company is determined to undertake mining in a responsible and sustainable manner. The rehabilitation of disturbed land is one of the Company's key corporate objectives, which will be achieved through the development of an implementation plan.

The Company has an existing environmental management programme, which has set certain objectives for rehabilitation. The key closure objective is to establish a sustainable native ecosystem, which is similar to the pre-existing ecosystem as can be achieved within the limits of recognized good rehabilitation methods and post mining environment.

The existing objectives will have to be translated into specific goals and targets, detailed activities, and associated tasks will be developed and monitored as part of the 5-year implementation plan. The plan will ensure that rehabilitation is undertaken in an orderly, cost effective, timeously and with clear accountabilities. The plan will be the vehicle through which the principles under the policy commitment as well as conditions of approval, as stipulated in the existing environmental management programmes, will be realized.

The main features of the implementation plan are to ensure that mining is undertaken with closure in mind, by designing mechanisms that minimize environmental damage whilst also factoring post-mining land use into the decision-making.

2. LEGISLATIVE FRAMEWORK

The Constitution of the Republic of South Africa, Act No. 108 of 1996, is the overarching legislation, which forms the basis of the rehabilitation of disturbed land. The constitution stipulates for the rights of all citizens to a healthy environment. The agricultural reform processes are applicable even at this scale of rehabilitation, and as such, it should be ensured that there is job creation and stimulation of socio-

A handwritten signature in black ink, located in the bottom right corner of the page. The signature is stylized and appears to be a single continuous stroke.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

economic development in the course of the implementation of the rehabilitation plan.

The statutes governing environmental management, promote principles such as social responsibility, responsibility for latent environmental impacts; the polluter pays principle, the precautionary principle, the involvement of stakeholders and rehabilitation. The land legislation provides for measures to ensure that the production potential of the land is preserved. As such, land management principles have to be incorporated in determining post-mining land use. This rehabilitation implementation plan should be developed taking due cognisance of the National Development Plan.

The specific statutes upon which the rehabilitation objectives and implementation plan should be premised are outlined below. Kindly note this is an exhaustive list.

- Mineral and Petroleum Resources Development Act No. 28 of 2002 (MPRDA)
- National Environmental Management Act (107 of 1998) (NEMA) sub environmental management acts under NEMA).
- National Water Act (36 of 1998)
- National Environmental Management: Air Quality Act (.39 of 2004)
- National Environmental Management: Biodiversity Act (10 of 2004)
- National Environmental Management: Protective Areas Act (31 of 2004)
- South Africa's Integrated Coastal Management Act (24 of 2008)
- Mine Health and Safety Act, 1996 (Act No. 29 of 1996)
- Deed of Settlement

3. SCOPE AND EXTENT OF WORK

The development of the rehabilitation implementation plan should be premised upon the existing regulatory framework, and be guided by the closure objectives that are set in the existing Environmental Management Plans (EMPs). It will be critical for the Tenderer to review the existing closure objectives and strategies and ensure that they are designed for long-term sustainability and are capable of combating pollution and residual impacts.

The review should culminate into the production of recommendations that will ensure that the notion of duty of care and environmental responsibility as the flagship of the rehabilitation is undertaken. The review outcomes and corrective

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, is positioned in the bottom right corner of the page.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

actions should then form the foundation on which the implementation plan is developed.

It is envisaged, that the implementation plan will be undertaken in phases as outlined in the scope of work. The implementation plan to be developed, should be for historical land based mining activities.

As part of this request for a proposal, the service providers shall submit a preliminary budget containing the hours to be spent on each output.

4. BACKGROUND ON THE STUDY AREA

The Company is a Schedule 2 public entity in terms of the Public Finance Management Act No.1 of 1999 as amended by Act 29 of 1999, incorporated in 1992 in terms of the Alexkor Act, and trading as Alexkor SOC Limited. The Government of South Africa, through the minister of Public Enterprise, is the sole shareholder in the company. The Company's Mining Operations fall within Richtersveld Local Municipality, under the Namakwa District of the Northern Cape Province. A locality plan for the mine area is provided as Figure 1.

5. SCOPE OF WORK

The appointed consultancy team is required to develop an implementation plan for rehabilitation. The implementation plan should be for a period of 5 years. The contents of the implementation plan are outlined below.

Table 5.1: SCOPE OF WORK

A PROJECT STAGE	B ACTIVITY AND TASK	C DELIVERABLES
<ul style="list-style-type: none"> • Project initiation • Site visits 	<ul style="list-style-type: none"> • To agree on scope of work • To source available data and surveyed plans 	<ul style="list-style-type: none"> • Project programme, showing time frames



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

A PROJECT STAGE	B ACTIVITY AND TASK	C DELIVERABLES
<ul style="list-style-type: none"> Review and status quo analysis 	<ul style="list-style-type: none"> Desktop study – review all existing documentation that form the basis of the existing closure objectives Collate all the existing information on mine closure components Collate available information on settlement patterns, and use, socioeconomic aspects, and physical attributes, cultural historic environment, agricultural resources, ecological systems, open spaces, drainage lines, geologically important areas, wetlands, geological areas and geohydrological areas. Identify gaps Highlight the corrective actions to be undertaken Contractors should liaise with Mineral Resource Management of the JV to identify areas that will be mined, bringing down Alexkor SOC Limited's rehabilitation liability. 	<ul style="list-style-type: none"> Status quo report



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

A PROJECT STAGE	B ACTIVITY AND TASK	C DELIVERABLES
<ul style="list-style-type: none"> Ground truthing 	<ul style="list-style-type: none"> Undertake site surveys and site inspections Establish the status regarding existing land disturbances in related to all key environmental components/elements Establish the status regarding existing land disturbances in relation to all mining sections Delineate the mine into various categories that are linked to current mining plan Review existing closure component input data Ascertain status of each of the closure components on the ground Determine stability, safety and non-polluting status of each of the structures Determine vegetation colonization success Recommend adequate measures for managing impacts that will emanate from rehabilitation as well as measures for actual rehabilitation Spatially represent the information for the key environmental attributes which will drive rehabilitation criteria and success. 	<ul style="list-style-type: none"> Current closure profile of all structures and their dimensions / aerial extents and rehabilitation status with respect to stability, safety, pollution and vegetation establishment Spatial representation of data



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

A PROJECT STAGE	B ACTIVITY AND TASK	C DELIVERABLES
<ul style="list-style-type: none"> Rehabilitation Implementation framework 	<ul style="list-style-type: none"> Consolidate all the collated information and recommendations to form a rehabilitation framework for managing closure and rehabilitation requirements over a five-year period. Prioritise the rehabilitation sequence into priority areas based on identified risks associated with dust plumes and safety or any other aspects that should be features in setting priority areas. 	<ul style="list-style-type: none"> Rehabilitation implementation framework
<ul style="list-style-type: none"> Regulatory authority involvement 	<ul style="list-style-type: none"> Meeting with lead regulatory authorities to: <ul style="list-style-type: none"> Confirm alignment of proposed approach with legislative and administrative requirements Agree on various DMR specific rehabilitation objectives and strategies to facilitate achievement of closure objectives Define the scope of the succeeding rehabilitation works 	<ul style="list-style-type: none"> Regulatory authority requirements



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

A PROJECT STAGE	B ACTIVITY AND TASK	C DELIVERABLES
<ul style="list-style-type: none"> Community upliftment engagement and development 	<ul style="list-style-type: none"> The status quo report and rehabilitation framework will form the basis of consultation to establish the desired post mining land use and develop rehabilitation strategies and mechanisms to be implemented in order to guide rehabilitation implementation Analyse current socio-economic and cultural patterns to recommend changes that could be introduced as part of rehabilitation mechanism Ensure that the community livelihoods are sustained as part of the rehabilitation implementation Enhance employment and community development opportunities Review existing projects and ensure that there are revival strategies and additional projects that will promote livelihoods from the rehabilitation implementation should be proposed Apply multisectoral approaches in addressing rehabilitation measures and ensure that the recommendation are capturing the inputs of all the relevant stakeholders Rehabilitation goals (the state to the land to be rehabilitated) to be ascertained in consultation with the authorities and communities so that on-going rehabilitation can be directed towards the agreed upon end land use. Develop collaboration mechanisms to ensure that existing and recommended structures do not collapse with the authorities and communities so that ongoing rehabilitation can be directed 	<ul style="list-style-type: none"> Scope of, mechanisms and stakeholder groupings Engagement outcomes and desired rehabilitation outcome A strategy for maintaining productive agricultural activity on land where agriculture has been identified as a feasible and desired land use



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

A PROJECT STAGE	B ACTIVITY AND TASK	C DELIVERABLES
<ul style="list-style-type: none"> Risk assessment and contingency plans 	<ul style="list-style-type: none"> Identify risks to closure and successful rehabilitation 	<ul style="list-style-type: none"> risk assessment report
<ul style="list-style-type: none"> Design rehabilitation mechanisms 	<ul style="list-style-type: none"> Develop rehabilitation strategies for each of the various mine components and mine activities. The strategies must be linked to the current processes at the mine Recommend adequate measures to minimize environmental impacts during rehabilitation - energy efficiency and recycling, emissions, waste handling and management, impact on bio-diversity, surface and ground water 	<ul style="list-style-type: none"> Revised rehabilitation mechanisms for all mine environmental and closure components
<ul style="list-style-type: none"> Closure liability calculation 	<ul style="list-style-type: none"> Confirm the existing quantum calculation and re-calculate using DMR acceptable methodologies Determine the closure components applicable to the mine using the main descriptions provided in the DMR costing matrix or any adequate methodology. Determine the master rates using the risk class and environmental risk ratings Determine weighting factors, based on the specific mine location, Provide costs for the implementation of all rehabilitation strategies 	<ul style="list-style-type: none"> Financial provision calculation



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

A PROJECT STAGE	B ACTIVITY AND TASK	C DELIVERABLES
<ul style="list-style-type: none"> Identify opportunities for reduction of environmental liability on a yearly basis 	<ul style="list-style-type: none"> Identify areas that could be closed and apply for closure certificates and align these plans with the current regulatory framework and acceptable standards Look for opportunities where other rehabilitation liabilities could be transferred or ceded Delineate activities and measures to be implemented to ensure that there is liability reduction on a yearly basis Develop annual closure plans Undertake annual financial liability closure costing 	<ul style="list-style-type: none"> Annual closure plan Annual revision of financial closure liability and annual forecasted financial provision calculation Submission of closure plan and financial provision to relevant regulatory authorities
<ul style="list-style-type: none"> Develop a five year implementation plan 	<ul style="list-style-type: none"> The implementation plan will take into account environmental considerations and will be structured such that a systematic approach is adopted Review and develop objectives and specific goals for mine closure Describe environmental objectives and specific goals for the management of identified environmental impacts that could emanate from mine closure Introduce indicators of all closure components for demonstration of successful completion of closure process Set targets Develop specific actions for achieving the targets Develop yearly, quarterly, monthly, weekly and daily action plans for achieving the set goals and targets. 	<ul style="list-style-type: none"> Five year implementation plan



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

A PROJECT STAGE	B ACTIVITY AND TASK	C DELIVERABLES
<ul style="list-style-type: none"> Resource requirements 	<ul style="list-style-type: none"> Develop procedures to stipulate equipment and personnel requirements for all developed management measures 	<ul style="list-style-type: none"> Machinery and human capital resources and other related resource requirements
<ul style="list-style-type: none"> Design a closure planning schedule 	<ul style="list-style-type: none"> Set realistic set of parameters with adequate timescales For achieving targets 	<ul style="list-style-type: none"> Schedule
<ul style="list-style-type: none"> Performance monitoring 	<ul style="list-style-type: none"> Develop monitoring and evaluation plans Undertake biannual performance audits Develop a system to report on progress made towards rehabilitation 	<ul style="list-style-type: none"> Performance monitoring plan for submission to DMR
<ul style="list-style-type: none"> The roles and responsibilities for the execution of the rehabilitation activities 	<ul style="list-style-type: none"> Set roles and responsibilities for each closure objectives 	<ul style="list-style-type: none"> Roles and responsibilities
<ul style="list-style-type: none"> Communication plan 	<ul style="list-style-type: none"> Develop communication plan 	<ul style="list-style-type: none"> Communication plan
<ul style="list-style-type: none"> Capacity building 	<ul style="list-style-type: none"> Develop capacity building strategy and tools to promote equitable access to sustainable use of natural and cultural resources, and promote environmentally sustainable lifestyles. Develop measures for building institutional capacity and create an effective, adequately resourced and harmonized institutional framework for environmental management throughout the rehabilitation phases 	<ul style="list-style-type: none"> Capacity building strategy



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

A PROJECT STAGE	B ACTIVITY AND TASK	C DELIVERABLES
<ul style="list-style-type: none"> Closure sign off 	<ul style="list-style-type: none"> Establishment of formal closure, sign off and relinquishment mechanisms 	<ul style="list-style-type: none"> Closure application and sourcing closure certificate planning criteria

6. PROJECT SCHEDULE

The Tenderer shall provide a project schedule in the form of a Gant chart for each of the tasks to be undertaken.

7. PROJECT COSTS

A detailed project budget must be provided. Provide costing for each of the tasks to be undertaken. An outline of the project phases should be clearly indicated and a detail of what costs will be utilised at which stage of the project. Each proposed project activity must be analysed in terms of the required inputs and these inputs must be costed.

8. CONTENTS OF THE PROPOSAL

The proposal should include:

- Proposed plan of action
- At least two references on environmental based work
- In Bids where consortia/Joint Ventures/subcontractors are involved, it must be clearly indicated.

9. SPECIAL CONDITIONS AND MINIMUM THRESHHOLD

- 9.1. The curriculum Vitae of staff that will be available for the project must be provided
- 9.2. The BID proposals should be submitted with all the required information containing technical as well as price information.
- 9.3. The successful consultancy team's expertise must include expertise and skills in the following areas:
 - 9.3.1. The understanding of the site environment will be key in providing insight into various options that could be considered and how the environmental



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

- studies would then have to be structured, to ensure that best rehabilitation implementation tools and rehabilitation techniques, are utilized;
- 9.3.2. Ecological skills with at least postgraduate qualification in the natural resource management field which will be key to understanding of the project veld type and ecosystem management. More than 5 years' experience in application of these skills is required;
 - 9.3.3. Practical experience and track record in the application of environmental management principles and objectives during marine diamond mining operations;
 - 9.3.4. At least 5 years' experience in application of environmental legislation and undertaking of closure plans, risk assessments and performance assessment related to mine closure within the diamond mining industry and in the Namaqualand District;
 - 9.3.5. Experience in identification of community projects and capacity building in implementation of such projects;
 - 9.3.6. Natural based resource management skills for identifying various community development and livelihoods opportunities;
 - 9.3.7. Qualifications and experiences in farming and agri-business practices;
 - 9.3.8. Agricultural potential and land capability evaluation exposure and experience;
 - 9.3.9. Farming methodologies across various land capability types;
 - 9.3.10. Availability of support for GIS support;
 - 9.3.11. Project management skills and associated support tools.
 - 9.3.12. Experience in coordination and management of multiple environmental specialist teams;
 - 9.3.13. Experience in environmental management and rehabilitation in the diamond mining industry within the Namaqualand District;
 - 9.3.14. Effective Communication skills, lobbying and advocacy, group leadership and team building;



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

- 9.3.15. Five years' experience in application of systems based approaches in environmental management;
- 9.3.16. Environmental capacity building and training credentials;
- 9.3.17. All the qualifications are cemented with practical experience in involvement in the practical experience in the rehabilitation of Namaqualand type ecosystems;
- 9.3.18. Application of environmental legal requirements within the rehabilitation context;
- 9.3.19. Only bidders who score 70 points for the technical information will be preferred; and
- 9.3.20. A contractor is not allowed to subcontract more than 25% of the contract value to another enterprise that does not have equal or higher B-BBEE status.

9.4. SKILLS TRANSFER

During rehabilitation, it is critical that the Tenderer is committed in transferring skills through mentoring of previously disadvantaged students in environmental management. The project must be a platform to provide an opportunity to transfer skills to unemployed graduates or those that seek experiential training or any coaching related activities.

9.5. INFORMATION PROVIDED WITH THE BID

- 9.5.1. The following information will be required as part of information review and detailed costing of the project:
 - Surveyed drawings of the site and all closure elements
 - Locality and regional plans with coordinates of the site
- 9.5.2. The information provided below will only be issued to a successful bidder
 - Existing GIS information for all closure components.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

- All versions of Environmental management programmes, compiled in compliance with MPRDA
- Existing environmental authorisations concerning NEMA
- Existing licenses and licences concerning National Water Act for slimes dams and all other water uses
- Existing permits and licenses with regards waste disposal and handling

9.5.3. Tenderers may be required to demonstrate their proposed capabilities by means of a presentation, clear and easily verifiable reference documentation and/or a visit to an existing client site where their capabilities may be demonstrated. Tenders, which do not meet the technical requirements, will not be considered for further evaluation.

END OF DOCUMENT C

A handwritten signature in black ink, consisting of a stylized 'A' followed by a large, looping flourish.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

DOCUMENT D

1. EVALUATION CRITERIA

- 1.1. Responses will be evaluated using a predetermined set of evaluation criteria/ threshold as set out in the table below. The evaluation criteria is designed to reflect the Company's requirements in terms of identifying a suitable service provider and ensure the selection process is transparent and afford all the bidders a fair opportunity for evaluation and selection.

No.	Category	Total /% weight	% Weight X Score/100 = points
A.	PRICE	90	
B.	FUNCTIONALITY	100	
1.	Bidder understanding of the site environment and brief and the methodology to be employed to achieve the objectives.	20	
3.	Capability and experience	20	
4.	Track record	30	
6.	Skills transfer	10	
7.	Identification of community development projects as part of rehabilitation mechanisms for sustainable livelihoods	5	
8.	Project management and quality control	5	
9.	Project success factors	10	
C	B-BBEE Status Level Contributor	Number of points (10)	
	1	10	
	2	9	
	3	8	
	4	5	
	5	4	



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

	6	6	
	7	2	
	8	1	
	Non-compliant contributor	0	

1.2. FRONTING IS PROHIBITED

Fronting means a deliberate circumvention or attempted circumvention of the B-BBEE Act and the Codes. Fronting commonly involves reliance on data or claims of compliance based on misrepresentations of facts, whether made by the party claiming compliance or by any other person.

2. IN EVALUATING THE TECHNICAL INFORMATION CONTAINED IN THE BID, THE EVALUATION COMMITTEE WILL BE GUIDED BY THE FOLLOWING:

- 2.1. Bidder understanding of the brief - The bid provides a clear indication that the bidder fully understands the purpose and scope of the work and the bidders' own roles and functions in this regard.
- 2.2. The understanding of the site environment will be key in providing insight into various options that could be considered and how the environmental studies would then have to be structured, to ensure that best rehabilitation implementation tools and rehabilitation techniques, are utilized.
- 2.3. Capability and experience - The bid provides a clear indication that the bidder's team comprises people with the necessary experience, skills, qualifications, knowledge and skills required to ensure the efficient and effective generation of the required deliverables to the standards of quality.
- 2.4. The ecological skills with at least postgraduate qualification in the natural resource management field. This is key to understanding of the project veld type and ecosystem management. More than 5 years' experience in application of these skills is necessary.
- 2.5. Track Record -The bid provides clear information on previous, relevant environmental closure planning projects that confirm that the bidder has the required experience and success track record in the area of management of closure planning projects
- 2.6. At least 5 years' experience in application of environmental legislation and undertaking of closure plans, risk assessments and performance assessment related to mine closure within the diamond mining industry and in the Namaqualand District.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

- 2.7. Experience in environmental management and rehabilitation in the diamond mining industry within the Namaqualand District.
- 2.8. Practical experience and track record in the application of environmental management principles and objectives during marine diamond mining operations.
- 2.9. Five years' experience in application of systems based approaches in environmental management.
- 2.10. Skills transfer - The bid clearly describes the bidder's contribution to ensuring the transformation of this work (be specific) e.g. environmental management services sector through, among others, mentorship, bursary, on-the job-training and/or other initiatives that successfully transfer skills to historically disadvantaged individuals.
- 2.11. Community development and agricultural practices- Experience in identification of community projects and capacity building in implementation of such projects.
- 2.12. Natural based resource management skills for identifying various community development and livelihoods opportunities.
- 2.13. Qualifications and experiences in farming and agri-business practices.
 - Agricultural potential and land capability evaluation exposure and experience.
 - Farming methodologies across various land capability types.
- 2.14. Project management and quality control
 - Application of project management skills is key.
 - Availability of support for GIS support.
 - Project management skills and associated support tools.
- 2.15. Experience in coordination and management of multiple environmental specialist teams.
- 2.16. Project success factors
 - Effective Communication skills, lobbying and advocacy, group leadership and team building.
 - Environmental capacity building and training credentials.

A handwritten signature in black ink, located in the bottom right corner of the page. The signature is stylized and appears to be a cursive name.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

- All the qualifications are cemented with practical experience in involvement in the practical experience in the rehabilitation of Namaqualand type ecosystems.
- Application of environmental legal requirements within the rehabilitation context.
- Regulatory authority liaison experience, especially DMR engagement

END OF DOCUMENT D

A handwritten signature in black ink, consisting of a stylized, cursive script.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

DOCUMENT E

CONSORTIUMS, JOINT VENTURES AND SUB-CONTRACTING REGULATIONS

1.0 CONSORTIUMS AND JOINT VENTURES

- 1.1 A trust, consortium or joint venture will qualify for points for their B-BBEE status level as a legal entity, provided that the entity submits their B-BBEE status level certificate.
- 1.2 A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-BBEE scorecard as if they were a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate tender.

2.0 SUB-CONTRACTING

- 2.1 A tenderer will not be awarded points for B-BBEE status if it is indicated in the tender documents that such a tenderer intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points the tenderer qualifies for, unless the intended sub-contractor is an exempted micro enterprise that has the capacity and ability to execute the sub-contract.
- 2.2 A tenderer awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the tenderer concerned, unless the contract is sub-contracted to an exempted micro enterprise that has the capability and ability to execute the sub-contract.
- 2.3 A tenderer awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

A handwritten signature in black ink, consisting of a large, stylized initial 'J' followed by a smaller, less distinct signature.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

3.0 DECLARATION OF SUB-CONTRACTING

3.1 Will any portion of the contract be sub-contracted? YES / NO

3.1.1 If yes indicate:

- i. what percentage of the contract will be sub-contracted.....%
- ii. the name of the sub-contractor.....
- iii. the B-BBEE status level of the sub-contractor.....
- iv. whether the sub-contractor is an EME YES / NO

END OF DOCUMENT E

A handwritten signature in black ink, consisting of a stylized, cursive script.



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

DOCUMENT F

1. BROAD BASED BLACK ECONOMIC EMPOWERMENT FORM AND FINANCIAL INFORMATION

- 1.1 The Company fully endorses and supports the Government's Broad-based Black Economic Empowerment Programme and it is strongly of the opinion that all South African Business Enterprises have an equal obligation to redress the imbalances of the past.
- 1.2 The Company will therefore prefer to do business with local business enterprises who share these same values.
- 1.3 In addition to the above, Tenderers who wish to enter into a Joint Venture or subcontract portions of the contract to BBBEE companies, must state in their tenders the percentage, of the total contract value that will be allocated to such BBBEE companies, should they be successful in being awarded any business. A rating certificate in respect of such BBBEE JV-partners and / or sub-Tenderer/s, as well as a breakdown of the distribution of the aforementioned percentage must also be furnished.
- 1.4 In view of the high emphasis which the Company places on Broad-based Black Economic Empowerment, the Company will allocate points to BBBEE in awarding this tender. However, Price and delivery /lead-time will also play a very important factor.
- 1.5 Each Tenderer is required to furnish proof of the above to the Company. Failure to do so will result in a score of zero being allocated for BBBEE.

Tenderers are required to respond to all the items of this document. Compliance is Mandatory. The Company reserves the right to audit and/or request information to support or validate of any of the figures provided in response to the BEE questionnaire prior to the award of the tender.

2.0 BUSINESS DETAILS OF TENDERER

2.1 Name of company or close Company: _____

2.2 Company or Close Company registration number

2.3 VAT number _____

2.3 Postal Address _____



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

2.4 Street address _____

2.5 Telephone Number _____ Fax Number _____

2.6 Contact Person _____

2.7 Full Names of Shareholders/Members by race and gender and % shareholding; (In case of a public company, shareholders with more than 10%):

NAME	SURNAME	ID NUMBER	RACE	GENDER	%share

2.8 Name(s) of responsible officers that will be assigned to this contract if it is awarded to your company.

2.9 Name and address of bankers: _____

Branch _____ Account No. _____

2.10 Name and Address of attorneys: _____

2.11 Name and address of auditors/accounting officer



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

3.0 BUSINESS DETAILS OF HOLDING SUBSIDIARY AND ASSOCIATED COMPANIES

3.1 Name of Group Holding Company: _____

3.2 Registration Number of Group Holding Company

3.3 Postal Address _____

3.4 Street Address _____

3.5 Names and addresses of all subsidiary companies

4.0 FINANCIAL INFORMATION

4.1 Audited financial statements for the last three financial years, where applicable, of the tendering company and the holding company must be enclosed with your tender application.

4.2 State the names of group holding, subsidiary or associated companies that will be supporting contract undertakings in connection with this tender and state the nature and extent of this support

4.3 Has the tendering company or any associated company been liquidated or placed under provisional liquidation or judicial management? If so, give full details and reasons:

4.4 Has any director or former director of the tendering company ever been declared insolvent and if so has such director rehabilitated?



RFP Number: 2013 /07/01/ LAND REHABILITATION PLAN

5.0 CORE BUSINESS, SUB-CONTRACTING AND STRATEGIC ALLIANCES

5.1 Tenderers must supply a brief description of their core business in the field in which they are tendering together with the major users of their services.

CORE BUSINESS	USER COMPANY CONTACT PERSON AND TELEPHONE

5.2 What business activities are being sub-contracted or can be sub-contracted?

END OF DOCUMENT F

END OF THE REQUEST FOR PROPOSAL DOCUMENT

Annexure "PHB 22"

To: Tewodros Gebreselasie[TewodrosG@regiments.co.za]
Cc: percyk@alexkor.co.za[percyk@alexkor.co.za]; Neo Mohohlo[NeoM@regiments.co.za]; Indheran Pillay[IndheranP@regiments.co.za]; Eric Wood[EricW@regiments.co.za]; bianca gasela[bsigas@yahoo.com]
From: Zarina Kellerman
Sent: Wed 10/9/2013 3:49:42 PM (UTC)
Subject: Re: RFP for appointment to the panel of financial services providers for Alexkor

PHB 22

Thanks Tewodros.

Will peruse tonight and give you feedback tomorrow.

Sincerely
Zarina

From: Tewodros Gebreselasie <TewodrosG@regiments.co.za>
Date: Wed, 9 Oct 2013 17:42:29 +0200
To: ZARINA KELLERMAN <zarina@kellerman.com>
Cc: "percyk@alexkor.co.za" <percyk@alexkor.co.za>, Neo Mohohlo <NeoM@regiments.co.za>, Indheran Pillay <IndheranP@regiments.co.za>, Eric Wood <EricW@regiments.co.za>
Subject: RFP for appointment to the panel of financial services providers for Alexkor

Hi Zarina,

Please find attached the RFP document, bid evaluation form and sample advert on the captioned.

Kind regards

Tewodros Gebreselasie



Annexure "PHB 23"

PHB 23

**ALEKOR SOC LIMITED****REQUEST FOR PROPOSAL (RFP).****RFP NUMBER: 2013 /10/23/ FINANCIAL SERVICES PANEL****RFP TITLE: APPOINTMENT TO THE FINANCIAL SERVICES PANEL OF ALEKOR****CONTENTS**

DOCUMENT A:	CONDITIONS TO BE OBSERVED WHEN TENDERING
DOCUMENT B:	DECLARATION OF INTEREST AND TENDER FORM
DOCUMENT C:	STATEMENT OF TECHNICAL REQUIREMENTS
DOCUMENT D:	EVALUATION CRITERIA AND GUIDELINES
DOCUMENT E:	JOINT VENTURE AND SUBCONTRACTING
DOCUMENT F:	BROAD BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) AND FINANCIAL STATEMENTS

This document has been prepared for the exclusive use of the vendors to prepare a tender proposal for the Alexkor SOC Limited ("the Company"). It is not intended for use in the public domain. It contains confidential data and planning and should be handled accordingly. To safeguard the integrity of the information contained within this enquiry, the whole or part(s) of this enquiry may not be quoted or published without the prior written consent of the Alexkor SOC Limited.



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR
 Document A: Conditions to be observed when tendering

DOCUMENT A

CONDITIONS TO BE OBSERVED WHEN TENDERING

1.	Scope of Tender	Alexkor SOC Limited (hereinafter referred to as the "Company") issues this tender document for the procurement of the services of a panel of Financial Services Providers for a period of 5 years.
2.	Eligible Tenders	The tenderer is expected to examine all instructions, forms, terms, and specifications in the tender document. Failure to furnish all information or documentation required may result in the rejection of the Tender.
3.	Clarification of Tender	A prospective tenderer requiring any clarification of the tender document shall contact the Company in writing at the e-mail address of the contact person provided in the tender invitation in this tender document. The Company will respond to any request for clarification within two working days, provided that such a request is received prior to the deadline for submission of Tenders. The response shall be in writing with copies to all tenderers who have acquired the tender document (inclusive of a description of the inquiry but without identifying its source). Should the Company deem it necessary to amend the tender document as a result of a request for clarification, it shall do so in writing to all prospective tenderers. Should there be a difference of interpretation between the Tenderer and Company; the Company reserves the right to make a final ruling on such interpretation.
4.	Amendment of Tender Document	At any time prior to the deadline for submission of Tenders, the Company may amend the tender document by issuing addenda. Any addendum issued shall be part of the tender document and shall be communicated in writing to all who have obtained the tender document. To give prospective tenderers reasonable time in which to make an addendum to their Tenders. The Company may, at its discretion, extend the deadline for the submission of Tenders.
5.	Rejection of Proposal	The Company reserves the right to reject a proposal for award if it determines that the tenderer recommended for award has engaged in prohibited practices in competing for the contract in question.



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEKOR

6	Cost of Tendering	The tenderer shall bear all costs associated with the preparation and submission of its Tender, and the Company shall not be responsible or liable for those costs, regardless of the conduct or outcome of the Tendering process.
7	Language of Tender	The Tender, as well as all correspondence and documents relating to the Tender exchanged by the tenderer and the Company, shall be written in the English language. Supporting documents and printed literature that are part of the Tender must also be in the English language.
8	Letter of Tender and Price Schedules	The Tender shall comprise of the following: a) Tender cover letter b) Completed tender form c) Proposal/description and any technical specifications d) Project pricing and invoicing forecast (payment schedule) e) Signed confidentiality undertaking f) Tender company references g) Company BBBEE status
9	Tender currency	The currency of the tender and the currency for payment shall be South African Rand.
10	Period of validity of Tenders	Tenders shall remain valid from the Tender submission deadline date to the last day of stated in this tender. A tender valid for a shorter period shall be rejected by the Company as non-responsive. In case the award is delayed beyond the expiry of the initial Tender validity, the Contract price shall be adjusted in accordance with Statistics SA escalation indices for the period in question.
11	Format and signing of Tenders	The tenderer shall prepare one original of the documents comprising the Tender as described in (8) above and clearly mark it "ORIGINAL." In addition, the tenderer shall submit two copies of the Tender, and clearly mark it as "COPY." In the event of any discrepancy between the original and the copies, the original shall prevail. The original and all copies of the Tender shall be typed or written in indelible ink and shall be signed by a person duly authorised to sign on behalf of the tenderer. The name and position held by each person signing the authorisation must be typed or printed below the signature. Any amendments, interlineations, erasures, or overwriting shall



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

		be valid only if they are signed or initialled by the person signing the Tender.
12	Submission, sealing and marking of Tenders	<p>Tenderers may submit their Tenders by mail, electronically or by hand. Procedures for submission, sealing and marking are as follows:</p> <p>a) Tenderers submitting Tenders by mail or by hand shall enclose the original and copies of the Tender in separate sealed envelopes. The envelopes shall be duly marked as "ORIGINAL," "ALTERNATIVE," "ORIGINAL COPY," and "ALTERNATIVE COPY" and 1 (one) readable electronic copy (CD or memory stick). The electronic copy shall be a Microsoft Word 2007 or later version (editable) compatible (or importable alternative) spread sheet. These envelopes shall then be enclosed in one single package.</p> <p>b) Tenderers submitting Tenders electronically shall engage with William Binedell regarding the electronic submission procedure.</p> <p>The inner and outer envelopes shall bear the name and address of the tenderer and be addressed to the Company. It shall bear the specific identification of this Tendering process and bear a warning not to open before the time and date for Tender opening. If envelopes and packages are not sealed and marked as required, the Company will assume no responsibility for the misplacement or premature opening of the Tender.</p>
13	Deadline for submission of Tenders	<p>Tenders must be received by the Company at ALEXKOR SOC LIMITED 158 Jan Smuts Avenue 4th Floor ROSEBANK 2196, Johannesburg, and no later than the date and time indicated on the front page of the tender data pack.</p> <p>The Company may, at its discretion, extend the deadline for the submission of Tenders by amending the Tender Document, in which case all rights and obligations of the Company and tenderers previously subject to the deadline shall thereafter be subject to the deadline as extended.</p>
14	Late Tenders	<p>The Company shall not consider any Tender that arrives after the deadline for submission of Tenders. Any Tender received after the deadline for submission of Tenders shall be declared late, rejected, and returned unopened to the tenderer.</p>



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEKOR

15	Withdrawal, Substitution, and Modification of Tenders	A tenderer may withdraw, substitute, or modify its Tender after it has been submitted by sending a written notice, duly signed by an authorised representative. The corresponding substitution or modification of the Tender must accompany the respective written notice. All notices must be received by the Company prior to the deadline prescribed for submission of Tenders. Tenders requested to be withdrawn shall be returned unopened to the tenderers. No Tender may be withdrawn, substituted, or modified in the interval between the deadline for submission of Tenders and the expiration of the period of Tender validity specified by the tenderer on the Letter of Tender or any extension thereof.
16	Tender Opening	The Company's tender committee shall conduct the Tender opening in the presence of anyone who chooses to attend, and at the Alexkor Main Offices at 10H00 on the date indicated on the front page of the tender data pack. Any electronic submissions will be presented by Mr William Binedell in accordance with agreed procedures between the parties. The Company shall prepare a record of the Tender opening that shall include, as a minimum: the name of the tenderer and whether there is a withdrawal, substitution, or modification; the Tender Price, per lot if applicable, including any discounts and alternative proposals.
17	Confidentiality	Information relating to the evaluation of Tenders shall not be disclosed to tenderers or any other persons not officially concerned with such process until information on Contract award is communicated to all tenderers. Any attempt by a tenderer to influence improperly the Company in the evaluation of the Tenders or Contract award decisions may result in the rejection of its Tender. From the time of Tender opening to the time of Contract award, if any tenderer wishes to contact the Company on any matter related to the tendering process, it should do so in writing.
18	Determination of responsiveness	The Company's determination of a Tender's responsiveness is to be based on the contents of the Tender itself. A substantially responsive Tender is one that meets the requirements of the Tender Document without material deviation, reservation, or omission. "Deviation" is a departure from the requirements specified in the Tender Document; "Reservation" is the setting of limiting conditions or withholding from complete acceptance



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEKOR

		<p>of the requirements specified in the Tender Document; and "Omission" is the failure to submit part or all of the information or documentation required in the Tender Document.</p> <p>A material deviation, reservation, or omission is one that, if accepted, would affect in any substantial way the scope, quality, or performance of the technical requirements as specified in Document C; or limit in any substantial way, inconsistent with the Tender Document, the Company's rights or the tenderer's obligations under the proposed Contract; or if rectified, would unfairly affect the competitive position of other tenderers presenting substantially responsive Tenders.</p> <p>The Company shall examine the technical aspects of the Tender in particular, to confirm that all requirements of Document C have been met without any material deviation, reservation, or omission.</p> <p>If a Tender is not substantially responsive to the requirements of the Tender Document, it shall be rejected by the Company and may not subsequently be made responsive by correction of the material deviation, reservation, or omission.</p> <p>Provided that, if a Tender is substantially responsive, the Company may waive any quantifiable nonconformity in the Tender that do not constitute a material deviation, reservation or omission.</p>
19	Qualification of Tender	<p>The Company shall determine to its satisfaction whether the tenderer that is selected as having submitted the lowest evaluated and substantially responsive Tender meets the qualifying criteria specified in Document C.</p> <p>Should Tenderer(s) be selected for further negotiations, they will be chosen based on the greatest benefit to the Company and not necessarily because of the lowest costs.</p> <p>The Company reserves the right to undertake post-tender negotiations with the preferred Tenderer or any number of short-listed Tenderers.</p>
20	Company's right to accept any Tender, and to reject any or all Tenders	<p>The Company reserves the right to accept or reject any tender, and to annul the Tendering process and reject all Tenders at any time prior to contract award, without thereby incurring any liability to tenderers. In case of annulment, all Tenders submitted shall be promptly returned to the tenderers.</p>
21	Award Criteria	<p>The Company shall award the Contract to the tenderer in terms</p>



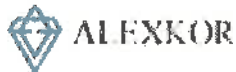
RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEKOR

		of the PFMA and the Preferential Procurement Policy Framework act No 5 of 2000 and in terms set out in Document D.
22	Notification of Award	Prior to the expiration of the period of Tender validity, the Company shall notify the successful tenderer, in writing, that its Tender has been accepted. Until a formal contract is prepared and executed, the notification of award shall constitute a binding contract.
23	Signing of contract	Promptly upon notification, the Company shall send the successful tenderer the Contract Agreement. Within five work days of receipt of the Contract agreement, the successful tenderer shall sign, date, and return it to the Company.
24	Communication	Respondents are warned that a response will be liable to disqualification should any attempt be made by a tenderer either directly or indirectly to canvass any officer(s) or employees of ALEKOR in respect of a tender, between the closing date and the date of the award of the business. A respondent may, however, BEFORE THE CLOSING DATE direct any enquiries relating to the RFP to the Company official Contact Person as indicated on this RFP. The closing time for clarification of queries is three (3) days before the deadline for tender submission and all queries shall be submitted via email.
25	Technical Specifications (Document C)	All Tenderers are required to submit tenders in accordance with stipulated technical specification as indicated on this tender. Failure to comply with the required technical specification will result in disqualification.
26	Broad Based Black Empowerment	The Company applies a policy of Broad Based Black Economic Empowerment (BBBEE) in all its employment, programmes, practices and business relationships as set out in Document F. Information submitted will be considered during the tender adjudication process. The BBBEE certificate from South African Accreditation Systems (SANAS) or from the Auditors approved by the Independent Regulatory Body of Auditors (IRBA) MUST be submitted. The Company reserves the right, should it deem it necessary, to monitor every stage of the contract to ensure: <ul style="list-style-type: none"> • that the directors who were awarded the tender are in



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

		<ul style="list-style-type: none"> • control of the company and/or that changes in directors does not affect delivery of the contract adversely; • that, if there are changes in the control of the company, these should be brought to the attention of the Company; • that in the event that the tender or any part thereof is to be subcontracted to another company or organisation after the tender was awarded, the Tenderer must immediately advise the Company and the Company shall approve as it deems fit. • successful delivery of the contract, or timeous termination of the contract should such action be in the best interest of the Company. • Audit the successful Tenderer's contract from time to time.
27	Default by Tenderers	If a Tenderer withdraws their tender(s) within the period for which they have agreed that their tender shall remain open for acceptance, or fails to enter into a written contract when called upon to do so; or fails to accept an order in terms of the tender, the Company may, without prejudice to any other legal remedy which it may have, accept their tender(s) notwithstanding the purported withdrawal, or proceed to accept any other less favourable tender or call for tenders afresh and may recover from the defaulting Tenderers any additional expense to which it has been put by reason of the calling for new tenders or the acceptance of any less favourable tender.
28	Risk aspects	The Tenderer should highlight any risks to the Company related to any aspects of the intended plan, cost and schedule of the scope of work.
29	Payment	<p>Payment will be made by means of a bank transfer.</p> <p>The Tenderer must provide:</p> <ul style="list-style-type: none"> - Name and address of their bank. - Company account number to be credited. - Verification that the number is a valid bank account of the Company. - The Company's standard payment terms are 30 days from date of statement.
30	Assignment of Contract	The Tenderer shall not have the right to cede any right or delegate any obligation in terms of this contract to any third party unless with the prior written approval of the Company.



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEKKOR

31	Commission	The Company shall not in any way be responsible or liable for payment of the commission due on this contract as far as the total contract amount would be exceeded by any addition of such commission. The payment of commission shall be the exclusive liability of the Tenderer, which indemnifies the Company hereby against agent's claims for commission of any nature.
32	Publications	The Tenderer shall not permit or allow any information regarding the contract works to be published in any scientific, engineering or other newspaper, periodical or publication without first obtaining the consent of the Company thereto.
33	Law Applicable	Irrespective of where this contract happens to be finally concluded, it shall be consistently deemed to have been entered into in the Republic of South Africa whose law and courts' jurisdiction shall prevail throughout, in this connection. The Tenderer shall be in full and complete compliance with any and all applicable State and Local laws and regulations.
34	Proposals are considered to be binding on the tenderers	Representations made in the tender, including claims made in respect of commitments to dates of delivery, shall be considered binding on the Tenderer at the time of contract negotiation, unless specifically noted by the Tenderer in the tender.
35	Failure to comply with these conditions	These conditions form part of the tender and failure to comply therewith may invalidate a tender.
36	Disclaimers	Tenderers are hereby advised that the Company is not committed to any course of action because of its issuance of this TENDER and/or its receipt of a tender in response to it. In particular, please note that the Company may: <ul style="list-style-type: none"> • change all services on tender and to have Supplier re-bid on any changes • reject any tender which does not conform to instructions and specifications issued herein • disqualify tenders received after the stated submission deadline • not necessarily accept the lowest priced tender • reject all tenders, if it so decides • award a contract in connection with this tender at any time



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

	<ul style="list-style-type: none">• award only a portion as a contract• split the award of the contract to more than one tenderer• make no award of a contract• Kindly note that the Company will not reimburse any Tenderer for any preparation costs or other work performed in connection with this tender, whether or not the Tenderer is awarded a contract.
--	--

QUERIES FROM TENDERERS

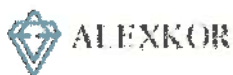
The Company has provided a single point of entry for any questions or queries that the Tenderer may have. All queries must be submitted in writing and directed to authorised contact person, whose contact details are shown below. Unauthorised communication and will result in disqualification of the respective Tenderer's tender submission.

The Authorised contact person's details for Tenderers Queries are as follows:

LERATO SACHAKA - ALEXKOR SOC LIMITED
Email: leratos@alexkor.co.za
Telephone number :011 7888809

END OF DOCUMENT A

Two handwritten signatures in black ink, one appearing to be a stylized 'L' and the other a more complex cursive signature.



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEKOR
Document B: Declaration of interest and tender form

DOCUMENT B

DECLARATION OF INTEREST

- 1. Any legal or natural person, excluding any permanent employee of ALEKOR, may make an offer or offers in terms of this tender invitation. In view of possible allegations of favouritism, should the resulting tender, or part thereof be awarded to:
 - 1.1. any person employed by the ALEKOR in the capacity of Tenderer, consultant or service provider; or
 - 1.2. any person who acts on behalf of ALEKOR; or
 - 1.3. any person having kinship, including a blood relationship, with a person employed by, or who acts on behalf of ALEKOR; or
 - 1.4. any legal person which is in any way connected to any person contemplated in paragraph (a), (b) or (c),

it is required that:

The Tenderer or his/her authorised representative shall declare his/her position *vis-à-vis the Company* and/or take an oath declaring his/her interest, where it is known that any such relationship exists between the Tenderer and a person employed by the Company in any capacity.

Does such a relationship exists? [YES/NO]

If YES, state particulars of all such relationships (if necessary, please add additional pages containing the required information):

NAME :

POSITION :

OFIFICE WHERE EMPLOYED :

TELEPHONE NUMBER :

RELATIONSHIP :

- 2. Failure on the part of a Tenderer to fill in and/or sign this certificate may be interpreted to mean that an association as stipulated in paragraph 1, supra, exists.
- 3. In the event of a contract being awarded to a Tenderer with an association as stipulated in paragraph 1, supra, and it subsequently becomes known that false information was provided in response to the above question, the Company may, in addition to any other remedy it may have:
 - 3.1. recover from the Tenderer all costs, losses or damages incurred or sustained by the Company as a result of the award of the contract; and/or
 - 3.2. cancel the contract and claim any damages, which the Company may suffer by having to make less favourable arrangements after such cancellation.



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEKOR

SIGNATURE OF DECLARANT

TENDER NUMBER

DATE

POSITION OF DECLARANT

NAME OF COMPANY OR TENDERER

TENDER FORM (TO BE FILLED OUT AND RETURNED WITH TENDER)

TENDER FOR APPOINTMENT OF SERVICE PROVIDERS TO THE FINANCIAL SERVICES PANEL OF ALEKOR

TO: ALEKOR SOC LIMITED (THE COMPANY)

158 JAN SMUTS

4TH FLOOR, ROSEBANK, 2196

JOHANNESBURG

SOUTH AFRICA

We offer to provide the scope of the plan / services in accordance with the accompanying sections A, B, C, D, E, and F of the tender data pack for the following hourly rate as determined in accordance with the conditions of the contract.

Average rate per labor hour exclusive of VAT	R _____
Value Added Tax @ 14%	R _____
The offered hourly rate due inclusive of VAT	R _____

We confirm that we have submitted all returnable schedules and documentation as required by this enquiry, that the offer is firm and binding and valid for 60 calendar days from the date hereof, that the offer is and shall remain fixed for the current year and a reasonable escalation rate will be applied to all such fees for the subsequent years of the contract period.

By signing the TENDER documents, the Tenderer is deemed to acknowledge and accept that all the conditions governing this TENDER, including those contained in any printed form stated to



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

form part thereof and the Company will recognize no claim for relief based on an allegation that the Tenderer overlooked any such condition or failed properly to take it into account for the purpose of calculating tendered prices or otherwise.

Yours sincerely,

Name(s) : (insert name and signature of authorised representative)
Capacity : (insert capacity of duly authorised representative)
On behalf of : (insert name and address of organization)
Witness name : (insert name and signature)
Date : (insert date)

END OF DOCUMENT B

A handwritten signature in black ink, consisting of a stylized, cursive script.



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR
Document C: Statement of Technical Requirements

DOCUMENT C

SPECIFICATION FOR THE APPOINTMENT OF A PANEL OF FINANCIAL SERVICES PROVIDERS

1. INTRODUCTION

As a commercialised state asset, the core business of Alexkor is the mining of diamonds on land, along rivers, on beaches and in the sea along the north-west coast of South Africa. These activities are complemented by geology, exploration, ore reserve planning, rehabilitation and environmental management. Alexkor's distinctive competencies are its quality of diamonds and its unique land and mineral resources. Over the life of the mine approximately 10,000,000 cts of gemstone quality diamonds have been recovered.

Recently, Alexkor's management has been directed to refocus its activities and play a significant role in ensuring other government parastatals and SOEs have access to crucial commodities necessary to conduct their mandated activities. The refocus has led to Alexkor's new coal mining and lime business. The coal mining strategy which is largely driven by Eskom's critical shortfall in strategic coal supply ensures energy security in the country. The lime supply strategy is driven to an extent by Eskom's need of limestone for its fuel gas desulphurization plants and the demand from other industries such as the steel and construction industries. In line with its commitment to address the issue of inequity, Alexkor will endeavour to partner with black emerging miners to realise this strategy.

Consequently, Alexkor is establishing a panel of suitable and experienced professional service providers to assist it with the different aspects of its financial affairs. As such Alexkor is calling for proposals from Service providers with the expertise outlined in the section below.

2. SCOPE AND EXTENT OF WORK

Alexkor would like to invite registered service providers to bid for one or a combination of the following services.

A handwritten signature in black ink, consisting of a stylized 'S' followed by a 'G'.



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

2.1. Strategy advisory

The preferred service provider will assist Alexkor in defining and drafting strategies and operational plans that will enable Alexkor to successfully achieve its desired objectives. This includes the identification of strategic acquisition opportunities in line with Alexkor's shift to securing commodities crucial to other parastatals and SOEs. This requires a clear understanding of Alexkor's priorities, operating environment and the global and domestic markets of the commodities that Alexkor specialises in.

2.2. Treasury function

The service provider is expected to review the existing treasury functions and architecture to determine specific treasury functions required by the new initiatives. This includes a review of the treasury infrastructure, personnel, operations and accounting as well as designing treasury policies and procedures that support Alexkor's risk philosophy, vision and mission. The service provider may further be required to design a group financial risk management framework and detailed treasury policies and procedures.

2.3. Financial risk management

There are numerous financial risks that Alexkor has to grapple with on a day to day basis. These include commodity risk, liquidity risk, interest rate risk, exchange rate risk etc. In order to achieve its objectives, Alexkor needs to put in place a financial risk management framework comprising of relevant policies and procedures to identify, measure and manage the financial risks that impact Alexkor's ability to achieve its objectives.

This will entail evaluating and reviewing Alexkor's daily risk exposures in the context of treasury risk in order to provide advice and insight into risk mitigation strategies. This will also entail designing the financial risk reporting framework in order to give a consolidated view of Alexkor's risk exposure.

2.4. Corporate finance

Two handwritten signatures in black ink, one on the left and one on the right, positioned at the bottom right of the page.



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

As part of Alexkor's shift in focus, numerous acquisition opportunities are being considered. The preferred service provider will be required to lead all transactions on behalf of Alexkor. Specific tasks will include transaction analysis, valuation, due diligence, capital raising, transaction structuring, negotiation of transaction terms and implementation. This will involve identifying the optimal structure and funding mix for each transaction. The respondent is expected to serve as a liaison with the relevant regulatory, shareholder and market bodies as well as providing relevant market information and intelligence.

2.5. Funding plan

This involves a process where the preferred service providers examine a number of aspects before determining the right capital structure necessary for the kind of strategies that Alexkor will employ to achieve its objectives. In addition to projecting Alexkor's future financial performance, the plan is expected to explore the various funding mechanisms that suit Alexkor's businesses as well as advising on the appropriate asset and liability management.

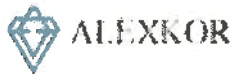
2.6. Fund raising

This is composed of various activities that implement the recommendations of the funding plan in terms of the types and quantum of funding that Alexkor needs to raise in order to achieve its financial and operating targets. Developing a well-planned fund raising strategy that covers the identification of funders and investigating the legal and regulatory requirements with respect to fund raising in foreign jurisdictions should Alexkor consider foreign investors.

2.7. Programme management

To ensure that Alexkor's new strategy around energy security is successfully realised, Alexkor may require the setting up and operationalizing of a Programme Management Office (PMO) to effectively manage all the various projects that support this strategy. The respondents need to demonstrate their capabilities and experience in successfully setting up and running PMOs.

Two handwritten signatures in black ink, one on the left and one on the right, appearing to be initials or names.



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

3. DETAILED SCOPE OF WORK

PROJECT AREA	ACTIVITY AND TASK	DELIVERABLES
Strategy Advisory	<ul style="list-style-type: none"> - Develop fact base - Review general environment - Review competitive environment with a focus on the market, value chain, competition etc. - Review internal environment looking at performance and current strategic objectives - Review Alexkor's strategic plans - Review of its corporate governance structures - Develop a corporate strategy based on fact base findings and business definition - Develop business units strategies that link to the overall corporate strategy - Conduct commercial due diligence 	<ul style="list-style-type: none"> - Corporate and business units strategies
Treasury function	<ul style="list-style-type: none"> - Review existing treasury functions - Analyse treasury functions gaps in line with the new business strategy - Review existing treasury structure (front, middle and back office) - Review existing treasury policies - Evaluate the need to implement treasury infrastructure - Examine human resource requirements compatible with the new business strategy 	<ul style="list-style-type: none"> - Treasury review report and implementation strategy
Financial risk management	<ul style="list-style-type: none"> - Identify financial risks that Alexkor will be exposed to as a result of the new business strategy - Draft and implement specific financial risk management policies to mitigate the impact of these risks - Identify specific risk management tools to be used in the mitigation. 	<ul style="list-style-type: none"> - Financial risk management framework
Corporate finance	<ul style="list-style-type: none"> - Target analysis including due diligence, valuations and financial 	<ul style="list-style-type: none"> - Project viability report - Information memorandum



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

	<ul style="list-style-type: none"> - modelling, strategic fit, key risks, opportunities for growth, etc. - Deal structuring factoring all legal, accounting, financial and taxation consequences - Negotiation of all commercial arrangements - Lead the capital raising for senior debt and mezzanine funding (as well as co-equity for sizeable transactions) - Managing the deal execution process 	
Funding plan	<ul style="list-style-type: none"> - Review historical financial results - Determine the efficiency of asset utilization - Project financial results and cash flows - Prepare financial models - Determine the funding requirement - Asset-liability matching - Determine the optimum balance sheet - Identify viable funding sources and diversify funding sources 	<ul style="list-style-type: none"> - Funding plan and strategy document
Fund raising	<ul style="list-style-type: none"> - Negotiate pricing and other borrowing terms - Preparation of term sheets - Conduct funder road shows - Help meet conditions precedents - Advise on the timely disbursement of funding - Assist in securing and on-going management of a credit rating - Assist in the on-going information requirements of lenders if so required 	<ul style="list-style-type: none"> - Secure funding
Programme management	<ul style="list-style-type: none"> - Governance - Management - Financial management - Infrastructure - Planning 	<ul style="list-style-type: none"> - Programme management office (PMO) - Processes, procedures and processes

4. PROJECT SCHEDULE



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEKKOR

The Tenderer shall provide a project schedule in the form of a Gant chart for each of the tasks to be undertaken.

5. PROJECT COSTS

A detailed project budget must be provided. Provide costing for each of the tasks to be undertaken. An outline of the project phases should be clearly indicated and a detail of what costs will be utilised at which stage of the project.

8. CONTENTS OF THE PROPOSAL

The proposal should include:

- Proposed plan of action
- At least two references
- where consortia/Joint Ventures/subcontractors are involved, it must be clearly indicated.

9. SPECIAL CONDITIONS AND MINIMUM THRESHHOLD

9.1. The curriculum Vitae of staff that will be available for the project must be provided

9.2. The BID proposals should be submitted with all the required information containing technical as well as price information.

9.3. The successful service providers' expertise must cover the following areas:

- 9.3.1. Strategy formulation
- 9.3.2. Financial analysis
- 9.3.3. Corporate finance
- 9.3.4. Debt-capital market
- 9.3.5. Knowledge of PFMA and other government legislations
- 9.3.6. Treasury
- 9.3.7. Stakeholder management

9.4 Only bidders who score 80 points for the technical information will be preferred; and

9.5 A contractor is not allowed to subcontract more than 25% of the contract value to another enterprise that does not have equal or higher B-BBEE status.

10. SKILLS TRANSFER

Two handwritten signatures in black ink, one on the left and one on the right, positioned at the bottom right of the page.



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

During implementation stages of the project, it is critical that the service providers are committed in transferring skills through mentoring of Alexkor employees.

11. Demonstration of Capabilities

Tenderers may be required to demonstrate their proposed capabilities by means of a presentation, clear and easily verifiable reference documentation. Tenders, which do not meet the technical requirements, will not be considered for further evaluation.

END OF DOCUMENT C

A handwritten signature in black ink, consisting of several loops and a long tail, located in the bottom right corner of the page.



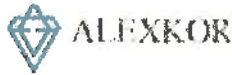
RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR
Document D: Evaluation Criteria and Guidelines

DOCUMENT D

1. EVALUATION CRITERIA

1.1. Responses will be evaluated using a predetermined set of evaluation criteria/ threshold as set out in the table below. The evaluation criteria is designed to reflect the Company's requirements in terms of identifying a suitable service provider and ensure the selection process is transparent and afford all the bidders a fair opportunity for evaluation and selection.

No.	Category	Total /% weight	% Weight X Score/100 = points
A.	FUNCTIONALITY	100	
1.	Bidder understanding of the brief and the methodology to be employed to achieve the objectives.	20	
2.	Capability and experience	20	
3.	Track record	30	
4.	Skills transfer	10	
5.	Project management and quality control	10	
6.	Project success factors	10	
B	B-BBEE Status Level Contributor	Number of points (10)	
	1	10	
	2	9	
	3	7	
	4	5	
	5	3	
	Lower rated (below a score of 5) and non-compliant contributor	0	
C	Level of BEE Ownership	Number of points (10)	
	100 %	10	
	Great than or equal to 65% and less than 100%	9	
	Great than or equal to 50% and less than 65%	7	
	Great than or equal to 26% and less than 50%	5	
	Great than or equal to 10% and	2	



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

	less than 26%		
	Less than 10%	0	
D.	PRICING	90	

1.2. EVALUATION THRESHOLD

Bidders must achieve 80% of the total score for functionality to pass to the next level where they will be evaluated for HDI/BBBEE, level of BBBEE ownership and pricing.

1.3. FRONTING IS PROHIBITED

Fronting means a deliberate circumvention or attempted circumvention of the B-BBEE Act and the Codes. Fronting commonly involves reliance on data or claims of compliance based on misrepresentations of facts, whether made by the party claiming compliance or by any other person.

2. IN EVALUATING THE TECHNICAL INFORMATION CONTAINED IN THE BID, THE EVALUATION COMMITTEE WILL BE GUIDED BY THE FOLLOWING:

- 2.1. Bidder understanding of the brief - The bid provides a clear indication that the bidder fully understands the purpose and scope of the work and the bidders' own roles and functions in this regard.
- 2.2. Capability and experience - The bid provides a clear indication that the bidder's team comprises people with the necessary experience, skills, qualifications, knowledge and skills required to ensure the efficient and effective generation of the required deliverables to the standards of quality.
- 2.3. Skills transfer - The bid clearly describes the bidder's contribution to ensuring the transformation of this work (be specific) e.g. mentorship, bursary, on-the-job-training and/or other initiatives that successfully transfer skills to historically disadvantaged individuals.
- 2.4. Qualifications and experience in financial services.
 - Debt Capital Markets
 - Econometric and Financial Modelling
 - Funding Plan preparation
 - Balance Sheet Optimisation
 - Transaction Advisory
 - Treasury
- 2.5. Project management and quality control
 - Application of project management skills is key.
 - Availability of support for GIS support.
 - Project management skills and associated support tools.

END OF DOCUMENT D



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR
 Document E: Joint Venture and Subcontracting

DOCUMENT E

CONSORTIUMS, JOINT VENTURES AND SUB-CONTRACTING REGULATIONS

1. CONSORTIUMS AND JOINT VENTURES

- 1.1. A trust, consortium or joint venture will qualify for points for their B-BBEE status level as a legal entity, provided that the entity submits their B-BBEE status level certificate.
- 1.2. A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-BBEE scorecard as if they were a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate tender.

2. SUB-CONTRACTING

- 2.1. A tenderer will not be awarded points for B-BBEE status if it is indicated in the tender documents that such a tenderer intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points the tenderer qualifies for, unless the intended sub-contractor is an exempted micro enterprise that has the capacity and ability to execute the sub-contract.
- 2.2. A tenderer awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the tenderer concerned, unless the contract is sub-contracted to an exempted micro enterprise that has the capability and ability to execute the sub-contract.
- 2.3. A tenderer awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

3. DECLARATION OF SUB-CONTRACTING

3.1. Will any portion of the contract be sub-contracted? YES / NO

3.1.1. If yes indicate:

- i. what percentage of the contract will be sub-contracted.....%
- ii. the name of the sub-contractor.....
- iii. the B-BBEE status level of the sub-contractor.....
- iv. whether the sub-contractor is an EME YES / NO

END OF DOCUMENT E



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

DOCUMENT F

1. BROAD BASED BLACK ECONOMIC EMPOWERMENT FORM AND FINANCIAL INFORMATION

- 1.1. The Company fully endorses and supports the Government's Broad-based Black Economic Empowerment Programme and it is strongly of the opinion that all South African Business Enterprises have an equal obligation to redress the imbalances of the past.
- 1.2. The Company will therefore prefer to do business with local business enterprises who share these same values.
- 1.3. In addition to the above, Tenderers who wish to enter into a Joint Venture or subcontract portions of the contract to BBBEE companies, must state in their tenders the percentage, of the total contract value that will be allocated to such BBBEE companies, should they be successful in being awarded any business. A rating certificate in respect of such BBBEE JV-partners and / or sub-Tenderer/s, as well as a breakdown of the distribution of the aforementioned percentage must also be furnished.
- 1.4. In view of the high emphasis which the Company places on Broad-based Black Economic Empowerment, the Company will allocate points to BBBEE in awarding this tender. However, Price and delivery /lead-time will also play a very important factor.
- 1.5. Each Tenderer is required to furnish proof of the above to the Company. Failure to do so will result in a score of zero being allocated for BBBEE.

Tenderers are required to respond to all the items of this document. Compliance is Mandatory. The Company reserves the right to audit and/or request information to support or validate of any of the figures provided in response to the BEE questionnaire prior to the award of the tender.

2. BUSINESS DETAILS OF TENDERER

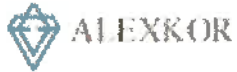
2.1. Name of company or close Company: _____

2.2. Company or Close Company registration number

2.3. VAT number : _____

2.4. Postal Address: _____

2.5. Street Address: _____



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

2.6. Telephone Number _____ Fax Number _____

2.7. Contact Person _____

2.8. Full Names of Shareholders/Members by race and gender and % shareholding; (In case of a public company, shareholders with more than 10%):

Name	Surname	ID NUMBER	RACE	GENDER	% SHARE

2.9. Name(s) of responsible officers that will be assigned to this contract if it is awarded to your company.

2.10. Name and address of bankers: _____

Branch _____ Account No. _____

2.11. Name and Address of attorneys: _____

2.12. Name and address of auditors/accounting officer



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

3. BUSINESS DETAILS OF HOLDING SUBSIDIARY AND ASSOCIATED COMPANIES

3.1. Name of Group Holding Company: _____

3.2. Registration Number of Group Holding Company

3.3. Postal Address _____

3.4. Street Address _____

3.5. Names and addresses of all subsidiary companies

4. FINANCIAL INFORMATION

4.1. Audited financial statements for the last three financial years, where applicable, of the tendering company and the holding company must be enclosed with your tender application.

4.2. State the names of group holding, subsidiary or associated companies that will be supporting contract undertakings in connection with this tender and state the nature and extent of this support

4.3. Has the tendering company or any associated company been liquidated or placed under provisional liquidation or judicial management? If so, give full details and reasons:

4.4. Has any director or former director of the tendering company ever been declared insolvent and if so has such director rehabilitated?

Two handwritten signatures in black ink, one appearing to be a stylized 'S' and the other a more complex signature.



RFP Number: 2013/10/23 appointment of service providers to the financial services panel of ALEXKOR

5. CORE BUSINESS, SUB-CONTRACTING AND STRATEGIC ALLIANCES

5.1. Tenderers must supply a brief description of their core business in the field in which they are tendering together with the major users of their services.

CORE BUSINESS	USER COMPANY CONTACT PERSON AND TELEPHONE NUMBER

5.2. What business activities are being sub-contracted or can be sub-contracted?

END OF DOCUMENT F

END OF THE REQUEST FOR PROPOSAL DOCUMENT

Two handwritten signatures in black ink, one to the left and one to the right, located in the bottom right corner of the page.

Annexure "PHB 24"

To: Eric Wood[EricW@regiments.co.za]
Cc: Tewodros Gebreselasie[TewodrosG@regiments.co.za]; Jonathan Loeb[JonathanL@regiments.co.za]
From: Zarina Kellerman
Sent: Fri 1/24/2014 1:19:32 PM (UTC)
Subject: Re: Alexkor fee proposal

PHB 24

Hi Eric

Apologies for the delay in getting back to you. The delays have been occasioned but some amendments to our strategy which will obviously affect your assistance on this transaction. I will be in a better position to confirm where we are on this after Tuesday, 28 January 2014.

Sincerely
 Zarina

From: Eric Wood <EricW@regiments.co.za>
Date: Thu, 16 Jan 2014 10:22:04 +0000
To: ZARINA KELLERMAN <zarinak@alexkor.co.za>
Cc: Humphrey <humphreym@alexkor.co.za>, Tewodros Gebreselasie <TewodrosG@regiments.co.za>, Jonathan Loeb <JonathanL@regiments.co.za>, Bianca Ilunga <biancai@alexkor.co.za>, Mxolisi Dlodla <mxolisid@alexkor.co.za>
Subject: RE: Alexkor fee proposal

Hi Zarina

Happy to proceed on this basis, will get the team to mark-up the consultancy agreement asap
 Regards
 Eric Wood



Eric Wood
 Executive Director

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Binnam Park 2015
 Tel: +27 11 715 0300 Direct: +27 11 715 0339 Fax: +27 11 715 0352
 Mobile: +27 83 626 0857 E-mail: ericw@regiments.co.za www.regiments.co.za
 Regiments Capital (Pty) Ltd is an authorised financial services provider FSP Number 16832 Reg No. 2004/023761/07

From: Zarina Kellerman [mailto:zarinak@alexkor.co.za]

Sent: 16 January 2014 11:57 AM

To: Eric Wood

Cc: Humphrey; Tewodros Gebreselasie; Jonathan Loeb; Bianca Ilunga; Mxolisi Dlodla

Subject: Re: Alexkor fee proposal

Importance: High

Hi Eric

Thank you for your email and our discussion yesterday. We have now had an internal meeting on this and from our side, we would like to engage you on the valuation and DD at this time only. This will give us time to work through the tender and will assist in curbing Board approvals.

In this regard, we can then look at a general consultancy agreement. I would just need to get an indication from you on anticipated man-hours. If you are happy with this, could someone from your legal team send a marked-up consultancy agreement for consideration and finalisation?

Looking forward to your urgent response on this.

Sincerely
 Zarina

From: Eric Wood <EricW@regiments.co.za>

Date: Wed, 15 Jan 2014 11:41:51 +0000

To: ZARINA KELLERMAN <zarinak@alexkor.co.za>
Cc: "Humphrey (humphreym@alexkor.co.za)" <humphreym@alexkor.co.za>, Tewodros Gebreselasie <TewodrosG@regiments.co.za>, Jonathan Loeb <JonathanL@regiments.co.za>
Subject: FW: Alexkor fee proposal

Hi Zarina

Post our meeting with Humphrey and the team yesterday, we have put forward our thoughts on the fee structuring as detailed below. It does appear difficult to fit this approach into the consulting agreement you sent me yesterday, but would be happy to discuss and expedite in the most efficient manner.

Regards

Eric Wood



Eric Wood
 Executive Director

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2013

Tel: +27 11 715 0300 Direct: +27 11 715 0339 Fax: +27 11 715 0352

Mobile: +27 83 626 0857 E-mail: ericw@regiments.co.za www.regiments.co.za

Regiments Capital (Pty) Ltd is an authorised financial services provider FSP Number 15821 Reg. No. 3009/037961/07

From: Jonathan Loeb
Sent: 15 January 2014 01:37 PM
To: Eric Wood
Cc: Indheran Pillay; Tewodros Gebreselasie
Subject: Alexkor fee proposal

Hi Eric

Please see below our Alexkor fee proposal:

Transactions of this nature typically include four main work streams:

1. Valuations
2. Due diligence
3. Transaction advisory
4. Capital raising

Valuations and due diligence

The majority of consultancies charge for valuations and due diligence work on a time and materials basis. An hourly rate per resource coupled with pre-agreed rates for travel, communications, accommodation, etc. is agreed upon by the parties and the number of hours expected is generally agreed upon upfront. This fee is not a success based payment and is charged monthly in arrears.

Transaction advisory

Transaction advisory is a bit more complex. For transactions between R100M and R1bn, a corporate finance fee of 2%-3.5% of transaction size is charged as a success fee. This percentage reduces slightly as the transaction size increases over R1bn. A monthly retainer is charged to cover costs and is typically offset against the final success fee charged.

For smaller transactions (i.e. R10M – R100M) a fixed fee is generally negotiated between the parties. This fee would typically not be reliant on success and large investment banks would not often engage in these mandates.

Capital raising

Capital raising fees are usually success based, based on a percentage of funding raised:

- Senior debt: 1%

- Mezzanine: 1.5%-2.5%
- Equity: 2.5%-3.5%

Alexkor fee proposal:

Due to the nature of the transactions and for the sake of simplicity and transparency, we propose the following hybrid approach:

- All work done is charged on a time and materials basis, based on our standard rates table below. These rates will be charged monthly in arrears.
- In order to incentivise the successful and timely completion of transactions, we propose a small success fee of 1% (of the transaction size) over and above the time and materials fees charged.
- Capital raising fees are to be charged separately on a success fee basis at the rates shown above.

Kind regards
Jonathan

Regiments Capital - fee table	
Resource	Regiments Standard Rates
Analyst	3 333
Senior Analyst	4 167
Corporate Financier	3 333
Senior Corporate Financier	4 167
Due Diligence Analyst	3 000
Senior Due Diligence Analyst	4 167
Mining Expert	5 000



Jonathan Loeb
Head: Corporate Finance

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
Tel: +27 11 715 0300 Direct: +27 11 715 0319 Fax: +27 11 715 0352
Mobile: +27 82 780 8268 Email: jonathanl@regiments.co.za www.regiments.co.za

Regiments Capital (Pty) Ltd is an authorised Financial services provider FSP Number 16831 Reg. No. 2004/02376/07

Annexure "PHB 25"

To: Eric Wood[EricW@regiments.co.za]
Cc: Humphrey[humphreym@alexkor.co.za]; Tewodros Gebreselasie[TewodrosG@regiments.co.za]; Jonathan Loeb[JonathanL@regiments.co.za]; Bianca Ilunga[biancai@alexkor.co.za]; Mxolisi Dlodla[mxolisid@alexkor.co.za]
From: Zarina Kellerman
Sent: Thur 1/16/2014 10:24:49 AM (UTC)
Subject: Re: Alexkor fee proposal

PHB 25

Thanks

From: Eric Wood <EricW@regiments.co.za>
Date: Thu, 16 Jan 2014 10:22:04 +0000
To: ZARINA KELLERMAN <zarinak@alexkor.co.za>
Cc: Humphrey <humphreym@alexkor.co.za>, Tewodros Gebreselasie <TewodrosG@regiments.co.za>, Jonathan Loeb <JonathanL@regiments.co.za>, Bianca Ilunga <biancai@alexkor.co.za>, Mxolisi Dlodla <mxolisid@alexkor.co.za>
Subject: RE: Alexkor fee proposal

Hi Zarina

Happy to proceed on this basis, will get the team to mark-up the consultancy agreement asap

Regards

Eric Wood

**Eric Wood**

Executive Director

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Bidsam Park 2015

Tel: +27 11 715 0300 Direct: +27 11 715 0339 Fax: +27 11 715 0352

Mobile: +27 83 626 0657 E-mail: ericw@regiments.co.za www.regiments.co.za

Regiments Capital (Pty) Ltd is an authorised financial services provider FSP Number 14631 Reg No 2004/023763/07

From: Zarina Kellerman [<mailto:zarinak@alexkor.co.za>]
Sent: 16 January 2014 11:57 AM
To: Eric Wood
Cc: Humphrey; Tewodros Gebreselasie; Jonathan Loeb; Bianca Ilunga; Mxolisi Dlodla
Subject: Re: Alexkor fee proposal
Importance: High

Hi Eric

Thank you for your email and our discussion yesterday. We have now had an internal meeting on this and from our side, we would like to engage you on the valuation and DD at this time only. This will give us time to work through the tender and will assist in curbing Board approvals.

In this regard, we can then look at a general consultancy agreement. I would just need to get an indication from you on anticipated man-hours. If you are happy with this, could someone from your legal team send a marked-up consultancy agreement for consideration and finalisation?

Looking forward to your urgent response on this.

Sincerely
Zarina

From: Eric Wood <EricW@regiments.co.za>
Date: Wed, 15 Jan 2014 11:41:51 +0000
To: ZARINA KELLERMAN <zarinak@alexkor.co.za>
Cc: "Humphrey (humphreym@alexkor.co.za)" <humphreym@alexkor.co.za>, Tewodros Gebreselasie <TewodrosG@regiments.co.za>, Jonathan Loeb <JonathanL@regiments.co.za>
Subject: FW: Alexkor fee proposal

Hi Zarina

Post our meeting with Humphrey and the team yesterday, we have put forward our thoughts on the fee structuring as detailed below. It does appear difficult to fit this approach into the consulting agreement you sent me yesterday, but would be happy to discuss and expedite in the most efficient manner.

Regards
Eric Wood



Eric Wood

Executive Director

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015

Tel: +27 11 715 0300 Direct: +27 11 715 0339 Fax: +27 11 715 0352

Mobile: +27 63 626 0857 E-mail: ericw@regiments.co.za www.regiments.co.za

Regiments Capital (Pty) Ltd is an authorised financial services provider FSP Number 16631 Reg. No. 2004/023762/07

From: Jonathan Loeb
Sent: 15 January 2014 01:37 PM
To: Eric Wood
Cc: Indheran Pillay; Tewodros Gebreselasie
Subject: Alexkor fee proposal

Hi Eric

Please see below our Alexkor fee proposal:

Transactions of this nature typically include four main work streams:

1. Valuations
2. Due diligence
3. Transaction advisory
4. Capital raising

Valuations and due diligence

The majority of consultancies charge for valuations and due diligence work on a time and materials basis. An hourly rate per resource coupled with pre-agreed rates for travel, communications, accommodation, etc. is agreed upon by the parties and the number of hours expected is generally agreed upon upfront. This fee is not a success based payment and is charged monthly in arrears.

Transaction advisory

Transaction advisory is a bit more complex. For transactions between R100M and R1bn, a corporate finance fee of 2%-3.5% of transaction size is charged as a success fee. This percentage reduces slightly as the transaction size increases over R1bn. A monthly retainer is charged to cover costs and is typically offset against the final success fee charged.

For smaller transactions (i.e. R10M – R100M) a fixed fee is generally negotiated between the parties. This fee would typically not be reliant on success and large investment banks would not often engage in these mandates.

Capital raising

Capital raising fees are usually success based, based on a percentage of funding raised:

- Senior debt: 1%
- Mezzanine: 1.5%-2.5%
- Equity: 2.5%-3.5%

Alexkor fee proposal:

Due to the nature of the transactions and for the sake of simplicity and transparency, we propose the following hybrid approach:

- All work done is charged on a time and materials basis, based on our standard rates table below. These rates will be charged monthly in arrears.
- In order to incentivise the successful and timely completion of transactions, we propose a small success fee of 1% (of the transaction size) over and above the time and materials fees charged.
- Capital raising fees are to be charged separately on a success fee basis at the rates shown above.

Kind regards
Jonathan

Regiments Capital - fee table	
Resource	Regiments Standard Rates
Analyst	3 333
Senior Analyst	4 167
Corporate Financier	3 333
Senior Corporate Financier	4 167
Due Diligence Analyst	3 000
Senior Due Diligence Analyst	4 167
Mining Expert	5 000



REGIMENTS CAPITAL™

Jonathan Loeb
Head: Corporate Finance

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
Tel: +27 11 715 0300 Direct: +27 11 715 0319 Fax: +27 11 715 0352
Mobile: +27 82 780 8268 Email: jonathank@regiments.co.za www.regiments.co.za

Regiments Capital (Pty) Ltd is an authorised Financial services provider FSP Number 16831 Reg. No. 2009/023761/07

Annexure "PHB 26"

To: salimessa@gmail.com[salimessa@gmail.com]
From: Eric Wood
Sent: Wed 1/15/2014 10:47:02 AM (UTC)
Subject: FW: Alexkor fee proposal

PHB 26

Hi Salim

Fee proposal as discussed, please give me a ring once you have gone through the contents

Regards

**Eric Wood**

Executive Director

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015

Tel: +27 11 715 0300 Direct: +27 11 715 0339 Fax: +27 11 715 0352

Mobile: +27 83 626 0857 E-mail: ericw@regiments.co.za www.regiments.co.za

Regiments Capital (Pty) Ltd is an authorised financial services provider FSP Number 16031 Reg. No. 2009/023761/07

From: Jonathan Loeb
Sent: 15 January 2014 12:43 PM

Eric Wood

Tewodros Gebreselasie; Indheran Pillay; NielW Wyma

Subject: Alexkor fee proposal

Hi Eric

Please see below our Alexkor fee proposal:

Transactions of this nature typically include four main work streams:

1. Valuations
2. Due diligence
3. Transaction advisory
4. Capital raising

Valuations and due diligence

The majority of consultancies charge for valuations and due diligence work on a time and materials basis. An hourly rate per resource coupled with pre-agreed rates for travel, communications, accommodation, etc. is agreed upon by the parties and the number of hours expected is generally agreed upon upfront. This fee is not a success based payment and is charged monthly in arrears.

Transaction advisory

Transaction advisory is a bit more complex. For transactions between R100M and R1bn, a corporate finance fee of 2%-3.5% of transaction size is charged as a success fee. This percentage reduces slightly as the transaction size increases over R1bn. A monthly retainer is charged to cover costs and is typically offset against the final success fee charged.

For smaller transactions (i.e. R10M – R100M) a fixed fee is generally negotiated between the parties. This fee would typically not be reliant on success and large investment banks would not often engage in these mandates.

Capital raising

Capital raising fees are usually success based, based on a percentage of funding raised:

- Senior debt: 1%
- Mezzanine: 1.5%-2.5%
- Equity: 2.5%-3.5%

Alexkor fee proposal:

Due to the nature of the transactions and for the sake of simplicity and transparency, we propose the following hybrid approach:

- All work done is charged on a time and materials basis, factoring in a 20% discount to our standard rates. Please see below our discounted rates. These rates will be charged monthly in arrears.
- In order to incentivise the successful and timely completion of transactions, we propose a small success fee of 1% (of the transaction size) over and above the time and materials fees charged.
- Capital raising fees are to be charged separately on a success fee basis at the rates shown above.

Kind regards
Jonathan

Regiments Capital - fee table	
Resource	Discounted rate
Analyst	2 667
Senior Analyst	3 333
Corporate Financier	2 667
Senior Corporate Financier	3 333
Due Diligence Analyst	2 400
Senior Due Diligence Analyst	3 333
Mining Expert	4 000



Jonathan Loeb
Head: Corporate Finance

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
Tel: +27 11 715 0300 Direct: +27 11 715 0319 Fax: +27 11 715 0352
Mobile +27 82 780 8268 Email jonathanl@regiments.co.za www.regiments.co.za

Regiments Capital (Pty) Ltd is an authorised Financial services provider FSP Number 16831 Reg. No. 2004/023761/07

Annexure "PHB 27"



Hourly Fee Rates For Consultants - With effect from 1 April 2013

Salary Band	Average Total Package	Model A Short Term				Model B Long Term			
		Option A 1 All Overheads		Option A 2 Partial Overheads		Option B 1 All Overheads		Option B 2 Partial Overheads	
		A 1.1 Mark-up	A 1.2 No Mark-up	A 2.1 Mark-up	A 2.2 No Mark-up	B 1.1 Mark-up	B 1.2 No Mark-up	B 2.1 Mark-up	B 2.2 No Mark-up
16	1 577 909	3 156	2 430	2 714	2 083	None	None	None	None
15 / 16	1 392 741	2 785	2 145	2 396	1 838	2 298	1 769	1 978	1 518
15	1 207 573	2 415	1 860	2 077	1 594	1 992	1 534	1 715	1 316
14 / 15	1 098 993	2 198	1 692	1 890	1 451	1 813	1 396	1 561	1 198
14	1 023 822	2 048	1 577	1 761	1 351	1 689	1 300	1 454	1 116
13 / 14	934 742	1 869	1 440	1 608	1 234	1 542	1 187	1 327	1 019
13	838 239	1 676	1 291	1 442	1 106	1 383	1 065	1 190	914
12 / 13	738 280	1 218	938	1 048	805	1 093	842	938	716
12	638 321	1 053	811	906	696	945	728	811	619
11 / 12	588 465	971	747	836	641	871	671	747	571
11	538 609	889	684	765	587	797	614	684	522
10 / 11	498 752	823	633	708	544	738	569	633	484
10	458 895	679	523	583	445	642	496	551	427
9 / 10	417 644	618	476	530	405	585	451	501	388
6 to 8	273 031	404	311	347	265	382	295	328	254

How to determine the appropriate fee rate

1. Determine the consultancy option/model by applying the following criteria:

"Short Term" means less than 60 consulting days

"Long Term" means more than 60 consulting days

"All Overheads" means consultant provides all overheads e.g., office, parking, telephone

"Partial Overheads" means department provides some overheads e.g. office, parking, telephone

"Mark-up" provides for company profit margin - service normally provided by consulting company

"No Mark-up" service normally provided by individuals or NGOs

2. Determine the appropriate salary band based on the level of work that is required e.g., use job evaluation to determine the level of work - Salary band 13 represents the level of a Director in the public service, 14 a Chief Director, 15 a DDG and 16 a DG.

3. The hourly fee rate should be read where the consultancy option/model intersects with the salary band.

Note - The Guide on Hourly Fee Rates for Consultants and the latest Fee Rates are available at <http://www.dpsa.gov.za> and can be found under Document Archive, All Documents.

Link <http://www.dpsa.gov.za/dpsa2g/documents.asp>

Annexure "PHB 28(1)"

To: Eric Wood[EricW@regiments.co.za]; Jonathan Loeb[JonathanL@regiments.co.za]
Cc: Humphrey[humphreym@alexkor.co.za]; Bianca Ilunga[biancai@alexkor.co.za]
From: Zarina Kelleman
Sent: Tue 1/14/2014 3:31:32 PM (UTC)
Subject: Regiments / Alexkor Agreement
[Regiments.docx](#)

PHB 28 (1)

Dear Eric and Jonathan

I trust that you are well and that 2014 will be a blessed year for you. I have left a message for you at the office.

We will be putting out the tender shortly for financial advisors but for now, I am advised that we require your assistance on something specific. As a result, I attach a standard consulting agreement. Have a look at it and we can hopefully finalise this by email. But you are welcome to contact me on my mobile.

We will require you to tender in the normal course and if you are successful, a more detailed agreement will follow.

Let me have your comments.

Sincerely
Zarina

Zarina Kelleman

Chief Legal Officer

M +27 82 219 4152 | **T** +27 11 788 8809 | **F** + 27 011 788 8869

E Zarinak@alexkor.co.za | www.alexkor.co.za |



Annexure "PHB 28(2)"



8A Jellicoe Avenue
Rosebank
Johannesburg

CONSULTANCY AGREEMENT

Between

ALEXKOR SOC LIMITED

("the Company" Registration no. 1992/006368/30)

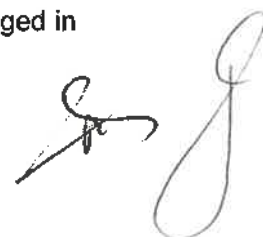
And

REGIMENTS CAPITAL (PTY) LIMITED

("the Consultant" Registration no. 2004/023761/07)

1. The Company and the Consultant agree as follows:

- 1.1 The Consultant has been appointed for a specified period, which commences on 13 January 2014 and concludes on 31 March 2014 or until such time as the contractual duties of the Consultant are fulfilled.
- 1.2 The Company may, in its own discretion, renew or extend this contract for a further period as agreed upon by the parties.
- 1.3 In the absence of any renewal or extension of agreement as envisaged in



clause 1.2 above, this agreement will automatically terminate on 31 March 2014.

2 CONTRACTUAL DUTIES

2.1 The Consultant shall perform the following duties:-

(I need input from Humphrey/Eric on what is envisaged please)

2.2 The Consultant agrees:-

2.2.1 To make available its service to the Company during the duration of this contract and to perform the duties and responsibilities set out herein;

2.2.2 That it is being appointed by virtue of its skill and expertise as a financial advisor;

2.2.3 To comply with the lawful and reasonable instructions given to it from time to time during the course of this contract;

2.2.4 Abide by the bona fide work practises in its relationship with the Company and /or its clients; and

2.2.5 That this agreement binds its employees and agents and in particular, the employees who will be responsible for carrying out the duties set out above.

3 REMUNERATION

3.1 The Consultant shall be paid for the services rendered to the Company as follows:-

(Eric -- please confirm who will be working on this from Regiments side and the level of seniority, professional qualification and charge-out rate per person)



- 3.2 The Company shall reimburse travel disbursements (if any) in accordance with the Company's Subsistence and Travel Allowance Policy.
- 3.3 It is agreed that the Consultant shall provide the Company with an invoice for its services on or before the 15th of the month and such payment will be made to it on or before the 25th of the month. Should the Consultant be late in submitting the invoice, the Company cannot guarantee the payment will be made on the 25th.

4 WHOLE AGREEMENT, NO AMENDMENT

- 4.1 This agreement constitutes the whole agreement between the parties relating to the subject matter hereof.
- 4.2 No amendment or consensual cancellation of this agreement or any provision or term thereof or of any agreement or other document issued or executed pursuant to or in terms of this agreement and no settlement of any disputes arising under this agreement and no extension of time, waiver or relaxation or suspension of any of the provisions or terms of this agreement or of any agreement or other document issued pursuant to or in terms of this agreement shall be binding unless recorded in a written document signed by both parties.
- 4.3 Any such extension, waiver or relaxation or suspension which is so given or made shall be strictly construed as relating to the matter in respect whereof it was made or given.
- 4.4 No extension of time or waiver or relaxation of any of the provisions of this agreement or any agreement or other document issued or executed pursuant to or in terms of this agreement, shall operate as an estoppel against any party in respect of its rights under this agreement, nor shall it operate so as to preclude such party thereafter from exercising its rights strictly in accordance with this agreement.
- 4.5 No party shall be bound by any express or implied term, representation, warranty, promise or the like not recorded herein, whether it included the agreement and/or whether it was negligent or not.



5 DOMICILIUM CITANDI ET EXECUTANDI

5.1 The parties choose as their *domicilia citandi et exceutandi* for the purpose under this agreement, whether in respect of court process, notices or other documents or communications of whatsoever nature (including the exercise of any option), the following addresses :

5.1.1 THE CONSULTANT: 91 Central Street, Houghton, 2198.

5.1.2 THE COMPANY: 8A Jellicoe Avenue, Rosebank, 2196.

5.2 Any notice or communication required or permitted to be given in terms of this agreement shall be valid and effective only if in writing but it shall be competent to give notice by telefax.

5.3 Any party may by notice to any other party change the physical address chosen as its *domicilium citandi et executandi* to another physical address in South Africa; Provided that the change shall become effective *vis-a'-vis* that addressee on the 7th (seventh) business day from the deemed receipt by the addressee.

5.4 Any notice to a party:-

5.4.1 sent by prepaid registered post (by airmail if appropriate) in a correctly addressed envelope to it as its *domicilium citandi et executandi* shall be deemed to having been received on the 7th (seventh) business day after posting (unless the contrary is proved);

5.4.2 delivered by hand to a reasonable person during ordinary business hours at its *domicilium citandi et executandi* shall be deemed to have been received on the day of delivery;

5.4.3 sent by telefax to its chosen telefax number, shall be deemed to have been received on the date of despatch (unless the contrary is proved).

Two handwritten signatures in black ink, one appearing to be a stylized 'J' and the other a more complex signature.

5.5 Notwithstanding anything to the contrary herein contained a written notice or communication actually received by a party shall be an adequate written notice of communication to it notwithstanding that it was not sent to or delivered at its chosen *domicilium citandi et executandi*.

6 BREACH

6.1 In the event of a party (the defaulting party) committing a breach of any provisions of this agreement, then the party which is not so in breach (the aggrieved party) shall be entitled to give the defaulting party written notice to remedy breach.

6.2 If the defaulting party fails to comply with that notice within 14(fourteen) days of receipt thereof, the aggrieved party shall be entitled to cancel this agreement and/or claim specific performance.

6.3 The aforesaid is without prejudice to any other rights.

7 CONFIDENTIALITY AND TRADE SECRETS

The Company and the Consultant acknowledge that a Non-Disclosure Agreement as concluded on 3 October 2013 is already in place between the parties and the terms and conditions thereof are specifically incorporated herein.

8 COUNTERPARTS

8.1 This agreement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.2 In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.



SIGNED AT ROSEBANK ON THIS _____ DAY OF JANUARY 2014

ALEXKOR SOC LIMITED
CHIEF EXECUTIVE OFFICER

SIGNED AT ROSEBANK ON THIS _____ DAY OF JANUARY 2014

REGIMENTS CAPITAL (PTY) LIMITED
CHIEF EXECUTIVE OFFICER

A handwritten signature in black ink, consisting of a stylized 'S' followed by a large loop.

Annexure "PHB 28(3)"

To: Zarina Kellerman[zarinak@alexkor.co.za]
Cc: Humphrey[humphreym@alexkor.co.za]; Eric Wood[EricW@regiments.co.za]; Tewodros Gebreselasie[TewodrosG@regiments.co.za]; Indheran Pillay[IndheranP@regiments.co.za]
From: Jonathan Loeb
Sent: Thur 1/16/2014 3:28:30 PM (UTC)
Subject: Alexkor Regiments consultancy agreement_edit1
[Alexkor Regiments consultancy agreement_edit1.docx](#)

PHB 28 (3)

Hi Zarina

Please see attached our mark-up to the consultancy agreement including our best estimates of fees per transaction. Please note that our internal legal is still reviewing the agreement and will revert with comments during the course of tomorrow. In the interim, we can proceed based on the attached.

Thanks and kind regards
Jonathan

Jonathan Loeb
Head: Corporate Finance

91 Central Street, Houghton 2198 Postnet Suite 25, Private Bag X11, Birnam Park 2015
Tel: +27 11 715 0300 Direct: +27 11 715 0319 Fax: +27 11 715 0352
Mobile: +27 82 780 8268 Email: jonathanl@regiments.co.za www.regiments.co.za

Regiments Capital (Pty) Ltd is an authorised Financial services provider FSP Number 16891 Reg. No. 2004/023761/07



Two handwritten signatures in black ink are located at the bottom right of the page. The first signature is a cursive 'A', and the second is a cursive 'J'.

Annexure "PHB 29"

PHB 29



8A Jellicoe Avenue
Rosebank
Johannesburg

CONSULTANCY AGREEMENT

Between

ALEXKOR SOC LIMITED

("the Company" Registration no. 1992/006368/30)

And

REGIMENTS CAPITAL (PTY) LIMITED

("the Consultant" Registration no. 2004/023761/07)

1. The Company and the Consultant agree as follows:

- 1.1 The Consultant has been appointed for a specified period, which commences on 13 January 2014 and concludes on 31 March 2014 or until such time as the contractual duties of the Consultant are fulfilled.
- 1.2 The Company may, in its own discretion, renew or extend this contract for a further period as agreed upon by the parties.
- 1.3 In the absence of any renewal or extension of agreement as envisaged in



clause 1.2 above, this agreement will automatically terminate on 31 March 2014.

2 CONTRACTUAL DUTIES

2.1 The Consultant shall perform the following duties:-

2.1.1 Commercial due diligence investigations

2.1.2 Target asset and investment valuations

2.2 The Consultant agrees:-

2.2.1 To make available its service to the Company during the duration of this contract and to perform the duties and responsibilities set out herein;

2.2.2 That it is being appointed by virtue of its skill and expertise as a financial advisor;

2.2.3 To comply with the lawful and reasonable instructions given to it from time to time during the course of this contract;

2.2.4 Abide by the bona fide work practises in its relationship with the Company and /or its clients; and

2.2.5 That this agreement binds its employees and agents and in particular, the employees who will be responsible for carrying out the duties set out above.

2.3 The Company agrees:

2.3.1 To provide all information requested by the Consultant in a timely and complete fashion

2.3.2 To assist the Consultant in procuring relevant information from any target and on any investment opportunity

3 REMUNERATION

Two handwritten signatures in black ink, one on the left and one on the right, positioned at the bottom right of the page.

- 3.1 The Consultant shall be paid for the services rendered to the Company as follows:-

For any given transaction, it is assumed that a complete valuation can be performed within 1 (one) week and a due diligence can be completed within 2 (two) weeks, with the resources as described in Table 1. To the extent that any transaction requires additional time allocation, such additional time shall be billed to the Company by the Consultant at an hourly rate equal to the hourly rate provided for in Table 1.

The expected fee per transaction (as detailed in table 1) represents the Consultant's best estimate of the work to be performed as is based on the Consultant's understanding of the transaction/s post meeting with Alexkor management. This assumes that all information requested by the Consultant will be made available and provided in a timely manner.

Table 1: Expected fee per transaction

Workstream	Resource	Count	Man Hours	Total Hours	Rate	Total
Valuation	Mining expert	1.00	20.00	20.00	5 000.00	100 000.00
	Senior Analyst	1.00	24.00	24.00	4 167.00	100 008.00
	Analyst	1.00	40.00	40.00	3 333.00	133 320.00
	Sub-total					333 328.00
DD	Mining expert	1.00	30.00	30.00	5 000.00	150 000.00
	Senior Due Diligence Analyst	1.00	20.00	20.00	4 167.00	83 340.00
	Due Diligence Analyst	2.00	70.00	140.00	3 000.00	420 000.00
	Sub-total					653 340.00
Total Excluding VAT						986 668.00

- 3.2 The Company shall reimburse travel disbursements (if any) in accordance with the Company's Subsistence and Travel Allowance Policy.
- 3.3 It is agreed that the Consultant shall provide the Company with an invoice for its services on or before the 15th of the month and such payment will be made to it on or before the 25th of the month. To the extent that payment is not made, interest will be charged at the Prime interest rate from the 1st of the following month. Should the Consultant be late in submitting the invoice, the Company cannot guarantee the payment will be made on the 25th and the Consultant will not be entitled to levy interest.



4 WHOLE AGREEMENT, NO AMENDMENT

- 4.1 This agreement constitutes the whole agreement between the parties relating to the subject matter hereof.
- 4.2 No amendment or consensual cancellation of this agreement or any provision or term thereof or of any agreement or other document issued or executed pursuant to or in terms of this agreement and no settlement of any disputes arising under this agreement and no extension of time, waiver or relaxation or suspension of any of the provisions or terms of this agreement or of any agreement or other document issued pursuant to or in terms of this agreement shall be binding unless recorded in a written document signed by both parties.
- 4.3 Any such extension, waiver or relaxation or suspension which is so given or made shall be strictly construed as relating to the matter in respect whereof it was made or given.
- 4.4 No extension of time or waiver or relaxation of any of the provisions of this agreement or any agreement or other document issued or executed pursuant to or in terms of this agreement, shall operate as an estoppel against any party in respect of its rights under this agreement, nor shall it operate so as to preclude such party thereafter from exercising its rights strictly in accordance with this agreement.
- 4.5 No party shall be bound by any express or implied term, representation, warranty, promise or the like not recorded herein, whether it included the agreement and/or whether it was negligent or not.

5 DOMICILIUM CITANDI ET EXECUTANDI

- 5.1 The parties choose as their *domicilia citandi et execeutandi* for the purpose under this agreement, whether in respect of court process, notices or other documents or communications of whatsoever nature (including the exercise of any option), the following addresses :



5.1.1 THE CONSULTANT: 91 Central Street, Houghton, 2198.

5.1.2 THE COMPANY: 8A Jellicoe Avenue, Rosebank, 2196.

5.2 Any notice or communication required or permitted to be given in terms of this agreement shall be valid and effective only if in writing but it shall be competent to give notice by telefax.

5.3 Any party may by notice to any other party change the physical address chosen as its *domicilium citandi et executandi* to another physical address in South Africa; Provided that the change shall become effective *vis-a-vis* that addressee on the 7th (seventh) business day from the deemed receipt by the addressee.

5.4 Any notice to a party:-

5.4.1 sent by prepaid registered post (by airmail if appropriate) in a correctly addressed envelope to it as its *domicilium citandi et executandi* shall be deemed to having been received on the 7th (seventh) business day after posting (unless the contrary is proved);

5.4.2 delivered by hand to a reasonable person during ordinary business hours at its *domicilium citandi et executandi* shall be deemed to have been received on the day of delivery;

5.4.3 sent by telefax to its chosen telefax number, shall be deemed to have been received on the date of despatch (unless the contrary is proved).

5.5 Notwithstanding anything to the contrary herein contained a written notice or communication actually received by a party shall be an adequate written notice of communication to it notwithstanding that it was not sent to or delivered at its chosen *domicilium citandi et executandi*.

6 BREACH

6.1 In the event of a party (the defaulting party) committing a breach of any

provisions of this agreement, then the party which is not in breach (the aggrieved party) shall be entitled to give the defaulting party written notice to remedy breach.

6.2 If the defaulting party fails to comply with that notice within 14(fourteen) days of receipt thereof, the aggrieved party shall be entitled to cancel this agreement and/or claim specific performance.

6.3 The aforesaid is without prejudice to any other rights.

7 CONFIDENTIALITY AND TRADE SECRETS

The Company and the Consultant acknowledge that a Non-Disclosure Agreement as concluded on 3 October 2013 is already in place between the parties and the terms and conditions thereof are specifically incorporated herein.

8 COUNTERPARTS

8.1 This agreement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.2 In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

SIGNED AT ROSEBANK ON THIS _____ DAY OF JANUARY 2014

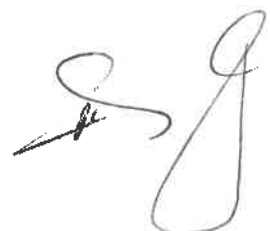
ALEXKOR SOC LIMITED

Two handwritten signatures in black ink, one appearing to be a stylized 'A' and the other a stylized 'J'.

CHIEF EXECUTIVE OFFICER

SIGNED AT ROSEBANK ON THIS _____ DAY OF JANUARY 2014

**REGIMENTS CAPITAL (PTY) LIMITED
CHIEF EXECUTIVE OFFICER**

A handwritten signature in black ink, consisting of a stylized 'S' followed by a large loop and a vertical stroke.

Annexure "PHB 30"

To: Tewodros Gebreselasie[TewodrosG@regiments.co.za]; Brandon Subrayan[BrandonS@regiments.co.za]; NielW PHB 30 Wyma[NielW@regiments.co.za]
Cc: Eric Wood[EricW@regiments.co.za]; Indheran Pillay[IndheranP@regiments.co.za]
From: Neo Mohohlo
Sent: Fri 1/24/2014 2:27:15 PM (UTC)
Subject: Alexkor Proposal_Financial services panel_draft
[Alexkor Proposal_Financial services panel_draft.docx](#)

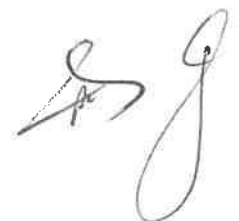
Hi all,

Please see attached the first consolidated draft of the RFP. Please review and send me comments and input by cob Monday.

Do not worry about the formatting, I will send the doc to Natalie for formatting once the content is finalised.

Regards,

Neo



Annexure "PHB 31"

PHB 31



Original



31 January 2014

Alexkor SOC Limited
8A Jellicoe Avenue
Rosebank
Johannesburg
2196

Attention: MS. Zarina Kellerman
Alexkor SOC Limited

Dear Ms Kellerman,

RE: APPOINTMENT TO THE FINANCIAL SERVICES PANEL OF ALEXKOR (2014/01/06/FINANCIAL SERVICES PANEL)

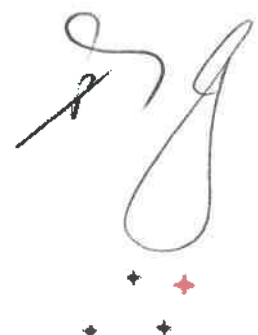
Regiments Capital ("Regiments") is pleased to submit the accompanying proposal for the above mentioned tender. This proposal covers a description, methodology, experience and project plan for all the services that Regiments is bidding for as well as a brief profile on Regiments. In submitting this proposal, Regiments hereby complies and agrees to be bound by the rules of the RFP submission as contained in the request for proposals.

We hope that the sections presented in this proposal give you a sufficient description of the elements of the proposed tasks, and provides you with comfort in our ability to execute them. We are confident our deep understanding of the South African market, and in particular the public sector and PFMA, together with our technical skills and broad experience in the financial services sector, positions us very well to successfully execute this project. We look forward to a favourable outcome to this submission.

In case you need additional information or clarification on any issue discussed in the attached document, please don't hesitate to contact the undersigned at the address given below.

Yours faithfully

Eric Wood
Regiments Capital
Executive Director
Tel: 011 715 0300
Fax: 011 715 0352
E-mail: ericw@regiments.co.za



Annexure "PHB 32(1 & 2)"

PHB 32 (1)



2nd floor, Hillside House
17 Empire Road,
Parktown
Johannesburg
2193
Tel (international): +27 (10) 214-0651
Tel (Tollfree): 0800 222 097
Email: inquiries@sastatecapture.org.za
Web: www.sastatecapture.org.za

**JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE,
CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE**

16 September 2020
Tracking number:

The General Manager
Regulatory Compliance
South African Diamond and Precious Metals Regulator
251 Fox Street
Johannesburg
2001

Email: cecilk@sadpmr.co.za
paulm@sadpmr.co.za

Dear Mr Cecil Khosa

**Re: REQUEST FOR INFORMATION REQUIRED FOR PURPOSES OF THE
JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE
CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING
ORGANS OF THE STATE**

1. Our investigation in respect of the above Commission refers.
2. This letter serves to confirm that the Commission has commenced with investigations into allegations of state capture, corruption and fraud involving several public entities and other organs of State pursuant to the Commission's Terms of Reference.

A handwritten signature in black ink, followed by the number "1" written in a large, stylized font.

3. During the course of its investigation of these terms of reference, it has come to the Commission's attention that the South African Diamond and Precious Metals Regulator ("SADPMR") is in possession of certain information involving Alexander Bay Diamond Company (Pty) Ltd trading as Scarlet Sky Investment 60 (Pty) Ltd and their directors relevant to the Commission's investigation. These are listed in Annexure "A" hereto.
4. The Commission urgently requires access to further information mentioned in Annexure A, emanating from previous RFI's sent to your office and subsequent information provided.
5. The Commission urgently requires access to the Information in electronic format by within **7 days** of receipt hereof.
6. Should you require any further information in the above regard, please direct the same to:

Mr Peter Bishop
Cell phone: 0713204153
Email: peterb@commissionsc.org.za

7. Your assistance and kind cooperation is highly appreciated.

Yours sincerely

Pp



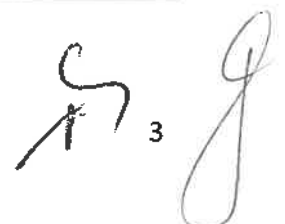
.....
Ms Bridgette Shabalala
ACTING SECRETARY

**Judicial Commission of Inquiry into Allegations of State Capture, Corruption
and Fraud in the Public Sector Including Organs of State**



ANNEXURE "A"

LIST OF DOCUMENTS AND OBJECTS	
ITEM NO.	DESCRIPTION
1.	<p>Request for Information concerning transfer of diamond licence from Daniel Nathan Trading CC to Alexander Bay Diamond Company (Pty) Ltd</p> <p>1. Your email dated 09 September 2020 has reference.</p> <p>2. The explanation proffered by you for the approval by the S.A Diamond and Precious Metals Regulator of the transfer of the diamond licence from Daniel Nathan Trading CC ("DNT") to Alexander Bay Diamond Company (Pty) Ltd ("ABDC") is not satisfactory as, in our view, neither section 35 or 36 of the Diamond Act, 1986 is applicable.</p> <p>3. We say so for the following reasons:</p> <p>3.1. A diamond licence was provided to DNT, a separate legal entity from ABDC, on 6 March 2015, valid until 5 March 2020. A copy of DNT's licence is annexed marked "B" for your convenience.</p> <p>3.2. DNT did not change its name to ABDC or convert from a close corporation to a private company; it was Scarlet Sky Investment 60 (Pty) Ltd ("SSI"), a separate legal entity, that changed its name to ABDC with effect from 11 September 2018, as appears from the Certificate issued by the Commissioner of Companies & Intellectual Property on 17 September 2 annexed hereto</p>



Handwritten signature and initials, possibly "S" and "J", with a small number "3" next to the signature.

	<p>marked "C".</p> <p>3.3. No diamond licence had previously been issued to ABDC.</p> <p>3.4. This notwithstanding, the provisions of section 35 and/or 36 of the Diamond Act were purportedly utilised in order to confer a licence to ABDC with effect from 6 March 2015, valid until 5 March 2020 (the period of validity of DNT's licence) by way of endorsement dated 15 February 2019, purportedly pursuant to a change of name. A copy of ABDC's licence is annexed marked "D" for your convenience.</p> <p>3.5. This was done pursuant to an application made by Daniel Nathan ("Nathan") for a licencing name change from DNT to Alexander Bay Diamond Company, purportedly as <i>"we have changed the name and identity to be more in line with our supplier, Alexkor RMCJV-from the Alexander Bay area Northern Cape, South Africa."</i> A copy of the application made by Nathan dated 22 January 2019 is annexed for your convenience marked "E".</p> <p>3.6. As a matter of fact, DNT did not change its name to ABDC, but SSI, a separate juristic entity which never hitherto had a diamond licence, did.</p> <p>3.7. Whether, when the licence afforded to ABDC expired in March</p>
--	--

 4 



2020, it was renewed by the SADPMR?

3.8. Section 35 requires permission of the Diamond Board to permit a person or legal entity to acquire a controlling interest in a company that has been conferred a diamond licence. This is not applicable as it was DNT which acquired a 40% interest in SSI. Apart from the fact that this was not a controlling interest, it was DNT, which held the licence and not SSI. No person or entity acquired a controlling interest in DNT, which had a licence, which would have rendered section 35 applicable. In any event, Section 35 does not permit a licence to be transferred to another legal entity, but rather prohibits a person or legal entity from acquiring a controlling interest in any company or close corporation after a licence has been issued or transferred to that company or close corporation. It is plainly not applicable here.

3.9. Section 36 applies where a company is a close corporation with a licence changes its legal status to a company or *visa versa*. Whilst documentation has been provided indicating that a licence was issued in favour of Daniel Nathan Trading (Pty) Ltd on 5 June 2019, valid until 4 June 2024, this could only have occurred pursuant to a change by DNT CC of its legal status to a private company in terms of section 36. Please indicate:

3.9.1. Whether and when such an application was brought, providing a copy of such an application?

3.9.2. Whether proof of the conversion of DNT into a private

 5 

	<p>company was provided and if so, providing a copy of such evidence;</p> <p>3.9.3. Why the licence of DNT CC was not endorsed to give effect to this change in status?</p> <p>3.9.4. Why a licence valid until 5 March 2020 was not granted in favour of DNT (Pty) Ltd and instead a licence with effect from 5 June 2019 was granted if the provisions of section 35 and or 36 were utilised to confer the licence?</p> <p>3.9.5. Was a separate, self-standing application brought by DNT (Pty) Ltd for a licence brought in its own name? If so, documentary substantiation for this application is required.</p> <p>3.10. In terms of section 35, the Chief Executive Officer was not entitled to confer a licence to ABDC without having been provided with a copy of DNT's licence and the amended or new certificate of incorporation or the new founding statement, or a certified copy thereof within 14 days after such conversion. SSI changed its name with effect from 11 September 2018. DNT's application was only made on 22 January 2019. Had an amended registration certificate been provided to the Chief Executive Officer, it would have reflected that it was SSI, and</p>
--	--

not DNT, that changed its name to ABDC.

4. In light of the foregoing, you are requested to provide the Commission with an affidavit and supporting documentation (annexed to affidavit) in which you deal with the aforementioned difficulties and set out fully on what basis you aver that section 35 and/or 36 is applicable or permitted you to endorse the diamond licence granted to DNT in favour of ABDC within 7 days of receipt hereof.



Annexure "PHB 34"

AFFIDAVIT

I, the undersigned

Gerald Byleveld

States under oath in English that:

1.

I am an adult male of 43 years of age with identity number 7711195053082, working at 100 Grayston Drive, Sandton. I am in the employ of Investec Bank Limited as a Money Laundering Reporting Officer with employee number 13203 with contact number +27 11 286 7968.

2.

I hereby declare, in reference to summons SPS17(g)/0680/PB, that Scarlet Sky Investment 60 (Pty) Ltd had not secured a bank guarantee of R 50 million from Investec Bank through Integrated Capital Management (Pty) Ltd, with Registration Number 2005/019761/07. According to our records, Investec Bank Limited has not issued a guarantee for the value of R50 million to either of these parties.

I know and understand the contents of this declaration.

I have no objection to taking the prescribed oath.

I consider the prescribed oath as binding on my conscience.


~~xxx~~ Deponent

It is hereby certified that the aforesaid declaration was signed and sworn in my presence on this the 2nd day of JULY 2020 at SANDTON, the deponent having confirmed and acknowledged:-

- a) That he knows and understands the contents of this declaration;
- b) that he has no objection to taking the prescribed oath;
- c) and that he considers the prescribed oath as binding on his conscience.



COMMISSIONER OF OATHS

SEAN KLEYNHANS
Admitted Attorney of the High Court
COMMISSIONER OF OATHS - RSA
EY
102 Rivonia Road, Sandton, 2196

Full names: _____

Address: _____

Rank/office held: _____

Area for which appointed:
Certified a true copy of the original



Annexure "PHB 35"

Gmail - Fwd: COMPLAINT BY THE RICHTERSVELD MINING COMPANY (PT... Page 1 of 4 PHB 35



Richtersveld GEV/CPA <rgevcpa@gmail.com>

**Fwd: COMPLAINT BY THE RICHTERSVELD MINING COMPANY (PTY) LTD
IRREGULAR AWARDED INF CONTRACT TO SCARLET SKYE
INVESTMENTS 60 (PTY) LTD AND FALWLESS DIAMONDS**

3 messages

Duncan E. Korabie <duncan@korabie.co.za>

Fri, Sep 11, 2015 at 1:44 PM

To: percyk@alexkor.co.za

Cc: Kgathatso.Tlhakudi@dpe.gov.za, Mervyn Carstens <mervync@alexkor.co.za>, Zarina Kellerman <zarinak@alexkor.co.za>, DR PAUL <rfpaul.rs@gmail.com>, Richtersveld GEV/CPA <rgevcpa@gmail.com>, WILLEM VRIES <wvjvries@gmail.com>, dennis farmer <dennisfarmer769@gmail.com>, Pieter De Wet <pieterdewet099@gmail.com>, Mr Joshua De Wet <joshuadw@alexkor.co.za>, Cathrene Slander <sanddrift@richtersveld.gov.za>

Dear Mr Khoza;

Please find attached the RMC complaint to the public protector related to the appointment of Scarlet Skye Investments 60 (Pty) Ltd. I apologise for not forwarding the document to you yesterday but I only returned from a business trip yesterday evening and could only attend to finalising the complaint today.

It is unfortunate that we have to refer the matter to the public protector, but we do not have the cooperation of the executive committee on this matter and we are staid in our access to the information.

We trust the above is in order.

Begin forwarded message:

From: "Duncan E. Korabie" <duncan@korabie.co.za>

Subject: COMPLAINT BY THE RICHTERSVELD MINING COMPANY (PTY) LTD
IRREGULAR AWARDED INF CONTRACT TO SCARLET SKYE INVESTMENTS 60
(PTY) LTD AND FALWLESS DIAMONDS

Date: 11 September 2015 at 13:35:57 SAST

To: winniem@pprotect.org

Dear Madam;

Please find attached the complaint of our client the Richtersveld Mining Company (Pty) Ltd against the irregular awarding of a tender to a company named Scarlet Skye Investments 60 (PTY) LTD and Flawless Diamonds.

We trust you find the above in order.

Yours Faithfully.

3 attachments

Gmail - Fwd: COMPLAINT BY THE RICHTERSVELD MINING COMPANY (PT... Page 2 of 4



DUNCAN KORABIE
 ADVOCATE GENERAL
 60 5th Floor, Wellington Road
 Tel: 021 973 7787
 Fax: 021 973 7787
 Email: duncan@korabie.co.za

PastedGraphic-2.tiff
 29K



DUNCAN KORABIE
 ADVOCATE GENERAL
 60 5th Floor, Wellington Road
 Tel: 021 973 7787
 Fax: 021 973 7787
 Email: duncan@korabie.co.za

PastedGraphic-2.tiff
 29K

RMC COMPLAINT TO PP 11.9.15.pdf
 3867K

Duncan E. Korabie <duncan@korabie.co.za>
 Reply-To: Ms Melanie Groenewald <admin@korabie.co.za>
 To: Charmaine Yssel <charmaine.yssel@dpe.gov.za>
 Cc: Richtersveld CPA <rgevcpa@gmail.com>

Sun, Jul 22, 2018 at 10:09 PM

Dear Charmaine;

Please find attached the original referral of the complaint.

there was some additional information sent, let me know if you want that.

The complaint was registered with the Public Protector under ref.: Our Ref:7/2-011497/15. Mr D Korabie.

In November 2015 we agreed following a meeting between The CPA and the Minister for Public Enterprises, not to proceed with complaint to allow her to investigate the matter internally. We agreed that the ARC Committee of the PSJV would investigate the matter. Later I discovered that Zarina Kellerman tried to investigate the matter herself. To the best of my knowledge the matter was never investigated.

There was a separate complaint against Kellerman. let me know if you would like that as well.

Regards
 Duncan Korabie

Begin forwarded message:

From: "Duncan E. Korabie" <duncan@korabie.co.za>
Subject: Fwd: COMPLAINT BY THE RICHTERSVELD MINING COMPANY (PTY) LTD IRREGULAR AWARDDING INF CONTRACT TO SCARLET SKYE INVESTMENTS 60 (PTY) LTD AND FALWLESS DIAMONDS
Date: 11 September 2015 at 13:44:11 SAST
To: percyk@alexkor.co.za
Cc: Kgathatso.Tlhakudi@dpe.gov.za, Mervyn Carstens <mervync@alexkor.co.za>, Zarina Kellerman <zarinak@alexkor.co.za>, DR PAUL <ripaul.rs@gmail.com>, Richtersveld GEV/CPA <rgevcpa@gmail.com>, WILLEM VRIES <wjvries@gmail.com>, dennis farmer <dennisfarmer769@gmail.com>, Pieter De Wet <pieterdewet099@gmail.com>, Mr Joshau De Wet <joshuadw@alexkor.co.za>, Cathrene Slander <sanddrift@richtersveld.gov.za>

[Quoted text hidden]

Gmail - Fwd: COMPLAINT BY THE RICHTERSVELD MINING COMPANY (PT... Page 3 of 4

2 attachments



DUNCAN KORABIE
 ATTERREURS KONTAK: 082 350 1111
 MOBILE: 082 350 1111
 FAX: 082 350 1111
 EMAIL: duncan@korabie.co.za

PastedGraphic-2.tiff
29K

RMC COMPLAINT TO PP 11.9.15.pdf
3867K

Charmaine Yssel <Charmaine.Yssel@dpe.gov.za> Mon, Jul 23, 2018 at 8:00 AM
 To: "duncan@korabie.co.za" <duncan@korabie.co.za>
 Cc: Richtersveld CPA <rgevcpa@gmail.com>, Ms Melanie Groenewald <admin@korabie.co.za>

Good morning Mr Korabie

This serves to acknowledge with thanks receipt of the copy of the complaint; the contents of the communication have been noted.

Kindly may you also supply the additional information with regard to the SSI complaint as well as details of the separate complaint against Ms Kellerman.

Your assistance is appreciated, thank you.

Kind regards,

Ms. Charmainé Yssel:

Operations Coordinator to Mr Kgathatso Tlhakudi, DDG: MANUFACTURING ENTERPRISES (Denel, Alexkor & SAFCOL)



+27 (0)12 431 1019



+27 (0)86 763 2674



charmaine.yssel@dpe.gov.za

1090 Arcadia Street InfoTech Building Hatfield Pretoria Switchboard: +27 12 431 1000

RICHTERSVELD MINING COMPANY

Frikkie Snymanlaan 7 / 7 Frikkie Snyman Ave
 Posbus/P.O Box 64
 ALEXANDER BAY
 8280



Tel/Phone: 027 8311 648
 Sell/Cell: 078 188 6750
 mc034807@gmail.com
 Wjvries@gmail.com

THE PUBLIC PROTECTOR
Ms. Winnie Manyathela
 Email: winniem@pprotect.org

RE: COMPLAINT: IRREGULAR AWARDING OF CONTRACT TO SCARLET SKYE INVESTMENTS 60 (PTY) LTD AND FLAWLESS DIAMONDS

The above matter refers.

On 11 December 2014 the tender committee of the Alexkor RMC Pooling and Sharing Joint Venture (PSJV) conducted interviews with the aim of appointing a service provider to the PSJV to attend to the sale of the diamonds from the joint venture. We were represented by Duncan Korabie (Korabie).

On the 17th of December 2014 the previous chairperson contact Korabie and required Korabie to approve the conditional appointment of Scarlet Skye Investments 60 (Pty) Ltd (SSI). I raised certain queries with him surrounding the appointment and he persisted that a conditional appointment be done. A, *inter alia*, condition of the appointment of SSI was that the PSJV CEO (CEO) should conduct a due diligence on SSI and report back to the committee on such due diligence.

It would appear that there could not have been much of a due diligence. SSI was preciously owned by Legal Frontiers (Corporate Services) CC (LF). LF is a company that trades in shelf companies. It would appear that from 2009 – 2014 SSI was a shelf company owned by LF. LF sold SSI and its new director were registered on 20 November 2014. We do not know who the shareholders are. P — — —

The CEO never reported to the tender committee on the due diligence, he was directed to conduct. Our investigation shows that the former chairperson,

2015 where she indicated that the request would be forwarded to the Board of the PSJV. This request never reached the Board who met on the 27th of July 2015. Amongst those requests were the minutes of the tender committee of 11 December 2015 and the resolution of the Board following the tender committee of the 11th of December 2014. We are not aware of any further meetings of the tender committee.

This information is outstanding to date. In fact any request the RMC makes to the PSJV related to information is met with the answer that the request must or will be directed to the PSJV board.

On the 27th of July 2015 a further startling discovery was made at the PSJV board meeting. The CEO report directly to the chairperson of the Board of the PSJV on the day to day running of the PSJV in contravention of the Unanimous Resolution that stipulates he reports to the Board of the PSJV. The CEO claims that it is in accordance with his employment agreement.

The RMC sought a copy of this agreement. Again the response was that the request would be referred to the PSJV Board. It is not clear what other business the previous chairperson and CEO conducted in contravention of the Unanimous Resolution.

We have discovered that at least 2 days before the tender closed the directors in SSI were registered with the Companies Office in Pretoria.

You will note from the attached correspondence by Phillips that SSI was chosen because they were they "had a good track record in the diamond industry", that they were the only entity willing to sign a beneficiation agreement. To the best of our knowledge none of the contractors were offered this proposal by the tender committee. SSI has no track record in the diamond industry prior to its appointment. Since the appointment of SSI no beneficiation for the community has taken place.

It is clear to us that SSI was created specifically for this tender. We do not know who the shareholders are of SSI and their relationship if any with any of the tender committee board members or the PSJV Board Members. We do not know if SSI complies with the PFMA. We do not know if SSI complies with the BBBEE legislation. We do not know if the other requirements set that led to their conditional appointment have been met.

When the Board considered the appointment of SSI, the tender committee had not made a recommendation. It could not have made a recommendation



[STOP PRESS! OpenCorporates wins Best Open Data Business award](#)

OpenCorporates

The Open Database Of The Corporate World

Company name or number Search

Companies Directors

[Share on Twitter](#) [Share on Facebook](#) [Share on Google Plus](#) [Share on LinkedIn](#)

[Log in/Sign up](#)

LEGAL FRONTIERS (CORPORATE SERVICES)

Company Number

2000-051024-23

Status

In Business

Incorporation Date

29 August 2000 (about 15 years ago)

Company Type

Close Corporation

Jurisdiction

South Africa

Registered Address

- 21 SEVENTH AVENUE PARKTOWN NORTH 2193
- South Africa

Registry Page

<http://www.cipro.co.za/ccc/EntDet.asp...>

Source South Africa Companies and Intellectual Property Commission,

<http://www.cipro.co.za/ccc/EntDet.asp...>, 15 Feb 2013

Add data (website, address, etc)

Telephone Numbers

Telephone Number

Number: 0114426623

[Hide historic records](#)

[Explore company network](#)

From: **Duncan Korabie** duncan@korabia.co.za
 Subject: Re: SCARLET SKY INVESTMENTS
 Date: 23 March 2015 at 21:40
 To: Raygen Phillips raygenp@alexkor.co.za



Willie

ek dink nie Raygen het die brief geskryf nie
 On 23 Mar 2015, at 16:20, Raygen Phillips <raygenp@alexkor.co.za> wrote:

Goeie Middag Willie

Ek sal jou e-pos versoek aan die PSJV Raad stuur aangesien die besprekings op die Tender Komitee en Raadsvergadering hoogs vertroulik is en ek nie net inligting aan party kan uitgee wie nie op die PSJV Raad dien nie, Ek sien jou e-pos CC persone wie nie raadslede is nie en sal ek dus skriftelik toestemming van die Raad moet bekom.

Wat die resoluusie betref het jy sowel as die volle PSJV Raad dit onderteken dat die Tender aan SSI toegestaan kan word. In die lig van Duncan se bedanking uit die PSJV Raad stem ek met hom saam dat hy nie verdere inligting het van enige PSJV aangeleenthede nie. Dus sal hy nie weet watter proses verder gevolg was nie na die vergadering op 11 Desember 2014 te Johannesburg nie, maar kan ek jou die versekeing gee dat die Raad en Komitee soos met al die vorige tenders van die PSJV 'n ingeligte besluit geneem het rakende die toeken van die tender.

Verder tot Duncan se e-pos skrywe verneem ek dringend uit watter hoedanigheid Pieter die inligting versoek, as kontrakteur of raadslid van Selfdevco aangesien ek dit nie kan affei uit die e-pos skrywe nie. Indien as kontrakteur, het ons het reeds deur die voormalige sekretaresse van die Kontraakteurs Verteenwoordigings Liggaam, Minnie Rossouw inligting aan die kontrakteurs verskaf rakende die aanstelling van SSI en ook verskeie vergaderings met die verteenwoordigers van die kontrakteurs gehad.

Ons was laasweek by die Tender huis van SSI en lyk dit of die een van die beste verkope van die PSJV diamante sal wees. Wat betref die beneficiation word Alexkor as staatsinstelling verplig om volgens die riglyne van die Regering te handel. SSI se voorlegging rakende beneficiation was by vere die beste van al die ander maatskappye wie aansoek gedoen het. Soos ook aan jou genoem is het ons met SSI onderhandel om persone uit die Richtersveld op te lei vir "polishing and cutting" van die diamante. Die bestuur en raad van die PSJV is opgewonde om saam met SSI 'n nuwe era van beneficiation te betree wat net voordelig vir die PSJV sowel as kontrakteurs sal wees.

EK verneem dringend van jou.

Groete

Raygen Phillips
Company Secretary
 Tel: 027 831 8352
 Fax: 027 831 1910
 E-mail: raygenp@alexkor.co.za
 Website: www.alexkor.co.za

From: WILLEM VRIES [mailto:wjvries@gmail.com]
 Sent: 23 March 2015 15:26
 To: Raygen Phillips; dennis farmer; Duncan E. Korabie

Let me know if there is anything else you may need on this.

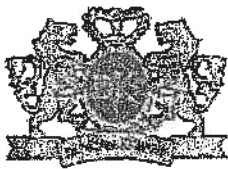
Regards.

<image001.png>

The information transmitted, including attachments, is intended only for the person(s) or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and destroy any copies of this information.

The information transmitted, including attachments, is intended only for the person(s) or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and destroy any copies of this information.

This email has been scanned for email related threats and delivered safely by Mimecast.
For more information please visit <http://www.mimecast.com>



DUNCAN KORABIE

ATTORNEYS NOTARIES CONVEYANCERS

HOUSE MADISON CROSSITER STREET, WELLINGTON

PO BOX 286, WELLINGTON 7658

TEL 021 873 7767

FACSIMILE 086 502 0380

EMAIL ADMIN@KORABIE.CO.ZA

A handwritten signature in black ink, appearing to be 'D. Korabie', written in a cursive style.

Die is die werk van die PSJV gestuur om te werk te betel tekoop en het ons met hierdie werk die plek gevat na baie meer werksgeleenthede en die karat produksie meer as verdubbel. Ons moet altyd dink om die PSJV vorentoe te vat en die Alexkor brand te bemark tot so 'n mate dat almal net Alexkor diamante wil he, en is SSI dus die regte maatskappy om ons daarmee te help.

Vriendelike Groete

Raygen Phillips
Company Secretary
 Tel: 027 831 8352
 Fax: 027 831 1910
 E-mail: raygenp@alexkor.co.za
 Website: www.alexkor.co.za

Nathan

From: Duncan Korabie [<mailto:duncan@korabie.co.za>]
Sent: 23 March 2015 21:41
To: Raygen Phillips
Subject: Re: SCARLET SKY INVESTMENTS

Willie

ek dink nie Raygen het die brief geskryf nie

On 23 Mar 2015, at 16:20, Raygen Phillips <raygenp@alexkor.co.za> wrote:

Goeie Middag Willie

Ek sal jou e-pos versoek aan die PSJV Raad stuur aangesien die besprekings op die Tender Komitee en Raadsvergadering hoogs vertroulik is en ek nie net inligting aan party kan uitgee wie nie op die PSJV Raad dien nie, Ek sien jou e-pos CC persone wie nie raadslede is nie en sal ek dus skriftelik toestemming van die Raad moet bekom.

Wat die resoluie betref het jy sowel as die volle PSJV Raad dit onderteken dat die Tender aan SSI toegestaan kan word. In die lig van Duncan se bedanking uit die PSJV Raad stem ek met hom saam dat hy nie verdere inligting het van enige PSJV aangeleenthede nie. Dus sal hy nie weet watter proses verder gevolg was nie na die vergadering op 11 Desember 2014 te Johannesburg nie. maar kan ek jou die versekeing gee dat die Raad en Komitee soos met al die vorige tenders van die PSJV 'n ingeligte besluit geneem het rakende die toeken van die tender.

Verder tot Duncan se e-pos skrywe verneem ek dringend uit watter hoedanigheid Pieter die inligting versoek, as kontrakteur of raadslid van Selfdevco aangesien ek dit nie kan aflei uit die e-pos skrywe nie. Indien as kontrakteur, het ons het reeds deur die voormalige sekretaresse van die Kontrakteurs Verteenwoordigings Liggaam, Minnie Rossouw inligting aan die kontrakteurs verskaf rakende die aanstelling van SSI en ook verskeie vergaderings met die verteenwoordigers van die kontrakteurs gehad.

Ons was laasweek by die Tender huis van SSI en lyk dit of die een van die beste verkope van die PSJV diamante sal wees. Wat betref die beneficiation word Alexkor as staatsinstelling verplig om volgens die riglyne van die Regering te handel. SSI se

[Handwritten signature]

More Raygen

Dankie vir u spoedige terugvoering, ek sien u het almal in gesluit dis regso Ek moet RMC raad inlig wat gebeur in die JV. Wat Mnr P de Wet aanbetref volg hy op as raadslid van Self Devco dankie vir u inligting

sal dit met hulle bespreek

Groete
Willie Vries
RMC

On Mon, Mar 23, 2015 at 4:20 PM, Raygen Phillips <raygenp@alexkor.co.za> wrote:

> Goeie Middag Willie

>

>

>

> Ek sal jou e-pos versoek aan die PSJV Raad stuur aangesien die
> besprekings op die Tender Komitee en Raadsvergadering hoogs
> vertroulik is en ek nie net inligting aan party kan uitgee wie nie op die PSJV Raad dien nie.
> Ek sien jou e-pos CC persone wie nie raadslede is nie en sal ek dus
> skriftelik toestemming van die Raad moet bekom.

>

>

>

> Wat die resoluëie betref het jy sowel as die volle PSJV Raad dit
> onderteken dat die Tender aan SSI toegestaan kan word. In die lig van
> Duncan se bedanking uit die PSJV Raad stem ek met hom saam dat hy nie
> verdere inligting het van enig

The information transmitted, including attachments, is intended only for the person(s) or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and destroy any copies of this information.

The information transmitted, including attachments, is intended only for the person(s) or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and destroy any copies of this information.

This email has been scanned for email related threats and delivered safely by Mimecast.
For more information please visit <http://www.mimecast.com>

<RFP_RMC JV_1014_Diamond Tender_V3.docx>



DUNCAN KORABIE

ATTORNEYS NOTARIES CONVEYANCERS

HOUSE MADISON GROESBATER STREET, WELLINGTON

PO BOX 286, WELLINGTON 7655

TEL 021 873 7787

FACSIMILE 086 602 0380

EMAIL ADMIN@KORABIE.CO.ZA

because of some or other obvious reason. I refuse to accept that it can even be believed that he would do something like that. Similar, in February 2015, the PSJV used a CPA member to sit in on meeting of the PSJV. This has not been challenged by the RMC because of the cooperative relationship there presumed to exist. I think the only thing the RMC wanted done was to have it ratified appropriately if it can be done.

I suggest that you build on the manner that the cooperative relationship has evolved bearing in mind that directors and even the community have insight into the affairs of the PSJV. As soon as you shield the conduct of the PSJV you are presumed to act in a cloak and dagger manner, which not only harms the work of the PSJV but the trust relationships that have developed.

Remember RMC has a shareholder who is the link with the trust to the CPA. SelfDevco has a right to believe it or not instruct Willie to do certain things related to the RMC functions on the PSJV.

Sometimes it comes out wrong, but its the Richtersveld most of the things come out wrong. The key is to manage that and not see it as a threat.

So I will reiterate in light of what has been stated above, that I do not think you wrote the email, what I do believe is that an administrator wrote it in a too administrative capacity losing sight of the reason and capacity for the request and the cooperative relationship that has developed.

I don't want to be dragged into this debate any further solely to state and advise on the use of my suggestion above.

I trust the above is in order.

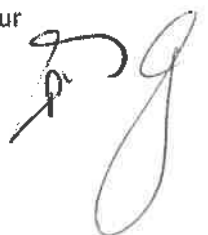
Regards
Duncan

On 24 Mar 2015, at 08:10, Raygen Phillips <raygenp@alexkor.co.za> wrote:

More Duncan

Hoop dit gaan goed, wat bedoel die comment onder? Dat ek nie self die brief geskryf het nie? Weet jy dalk wat die bekommernis is rondom SSI? En in watter hoedanigheid Pieter die vrae rig, want ons het 'n kontrakteurs verteenwoordigers liggaam deur wie ons werk en kan ons nie bekostig om met een kontrakteur apart te praat rakende aangeleenthede wat die hele kontrakteurs raak nie? Ons het nog altyd die verstandhouding met kontrakteur gehad? Indien hy as selfdevco vra op watter gronde en eerlikwaar SSI wat betref die beneficiation het die beste voorleg gemaak en ons kontrakteurs is opgewonde op die vooruitsig om te deel in die opbrengs van die verkoop van die jwele. Ons het 'n baie goeie deal onderhandel en wen die PSJV en die kontrakteurs heelpad met SSI. SSI was die enigste maatskappy wie bereid was om 'n vennotskap te sluit met die PSJV rakende die beneficiation. Ons het ook vasgemaak dat 4 lede van die gemeenskap gestuur word vir training vir cutting en polishing vir as ons eendag ons eie fabriek het in Alexanderbaai.

Dit is die werk van die PSJV bestuur om te werk na 'n beter toekoms en het ons deur harde werk die plek gevat na baie meer werksgeleenthede en die karat produksie



die beste verkope van die PSJV diamante sal wees. Wat betref die beneficiation word Alexkor as staatsinstelling verplig om volgens die riglyne van die Regering te handel. SSI se voorlegging rakende beneficiation was by vere die beste van al die ander maatskappye wie aansoek gedoen het. Soos ook aan jou genoem is het ons met SSI onderhandel om persone uit die Richtersveld op te lei vir "polishing and cutting" van die diamante. Die bestuur en raad van die PSJV is opgewonde om saam met SSI 'n nuwe era van beneficiation te betree wat net voordelig vir die PSJV sowel as kontrakteurs sal wees.

EK verneem dringend van jou.

Groete

Raygen Phillips
Company Secretary

Tel: 027 831 8352

Fax: 027 831 1910

E-mail: raygenp@alexkor.co.za

Website: www.alexkor.co.za

From: WILLEM VRIES [<mailto:wjvries@gmail.com>]

Sent: 23 March 2015 15:26

To: Raygen Phillips; dennis farmer; Duncan E. Korabie

Cc: pieterdewet099@gmail.com; Liesl Fortuin

Subject: Re: SCARLET SKY INVESTMENTS

Hi Raygen

Kan u my voorsien met notules van die tender komitee se vergadering wat 11 Desember 2014 plaasgevind het en resoluë van die raad

Groete
 Willie Vries
 RMC

On Mon, Mar 16, 2015 at 12:26 PM, WILLEM VRIES
 <wjvries@gmail.com> wrote:

----- Forwarded message -----

From: Duncan Korabie <duncan@korabie.co.za>

Date: Thu, Mar 12, 2015 at 8:57 PM

Subject: SCARLET SKY INVESTMENTS

To: Cathrene Slander <sanddrift@richtersveld.gov.za>

Cc: rbagus@morning-tide.co.za, Zarina Kellerman

<zarinak@alexkor.co.za>, Mr Mervin Steenkamp

<msteenkamp@swellenmun.co.za>, DR PAUL

<rlpaul.rs@gmail.com>, WILLEM VRIES <wjvries@gmail.com>,
 John Driemans <jdriemans@richtersveld.gov.za>



action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and destroy any copies of this information.

This email has been scanned for email related threats and delivered safely by Mimecast.
For more information please visit <http://www.mimecast.com>

<image001.png>

The information transmitted, including attachments, is intended only for the person(s) or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and destroy any copies of this information.

The information transmitted, including attachments, is intended only for the person(s) or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and destroy any copies of this information.

This email has been scanned for email related threats and delivered safely by Mimecast.
For more information please visit <http://www.mimecast.com>

<image001.png>

The information transmitted, including attachments, is intended only for the person(s) or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and destroy any copies of this information.

The information transmitted, including attachments, is intended only for the person(s) or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and destroy any copies of this information.

This email has been scanned for email related threats and delivered safely by Mimecast.
For more information please visit <http://www.mimecast.com>



DUNCAN KORABIE

ATTORNEYS NOTARIES CONVEYANDERS

HOUSE MADISON CROSSITER STREET, WELLINGTON
PO BOX 286, WELLINGTON 7555
TEL 021 873 7767
FACSIMILE 086 602 0380
EMAIL ADMIN@KORABIE.CO.ZA

the CEO and Alexkor SOC Limited (Alexkor) Chief Legal Officer (CLO) appointing another director of the RMC, John Bristow (Bristow) to the tender committee instead of Korabie. The RMC never appointed Bristow as its representative to the tender committee nor did the PSJV Board. The chairperson of the Board of the RMC appointed Korabie.

The CLO and the former chairperson presented Bristow as an independent director for the RMC. During June 2015, it was discovered that Bristow holds a 5% interest in a company only known as Flawless Diamonds (FD). ~~FD operates as an~~ evaluator of diamonds before SSI sells off the diamonds.

Prior to the sitting of the tender committee, no documents were made available related to the candidates who will be considered to Korabie. Prior to the interview of the shortlisted candidates, the tender committee did no shortlisting and the tender committee had no insight into methodology and process used in the shortlisting process. In an email response Raygen Phillips the Secretary of the PSJV (Phillips) mentioned that the CEO will speak with Korabie prior to the meeting. No such discussion took place. Individuals in the PSJV did the shortlisting, amongst other we discovered the CEO and the Secretary. The CEO also sat in on the shortlisting interview process on the 11th of December 2014.

The PSJV subscribes to the Public Finance Management Act 1 of 1999 at least according to the CLO.

On the 11th of December 2015 the CLO and chairperson at the time took Korabie and Dr. Roger Paul (Paul) a Alexkor representative into his office and discussed what he viewed as the new direction the PSJV must take in appointing the service provider. He mentioned that only one candidate that will be interviewed met the new direction he proposes. He then mentioned SSI.

On the 17th of December 2014 the previous chairperson contacted Korabie and required Korabie to approve a conditional appointment of Scarlet Skye Investments 60 (Pty) Ltd (SSI). Korabie raised certain queries with him surrounding the appointment and he persisted that a conditional appointment be done. Korabie also received a call from the CLO of Alexkor in this regard.

During March 2015 the appointment of SSI reaches a boiling point with the sole shareholder of the RMC challenging the regularity of the appointment.

Various requests were sent to Phillips to provide certain information to the RMC and its shareholder. The first response from Phillips was on 23 March

as it would not have been correctly constituted with John Bristow not being appointed by RMC and having an indirect interest through FD.

At the Board Meeting approving the appointment of SSI, our representative Willem Vries was misled by the rest of the board members and the CLO that Korabie had already approved the appointment of SSI and that it was a mere formality. They did not disclose to him that Bristow was involved. The Board at the time was irregularly constituted, as it required 2 independent directors from the RMC and a community director to constitute a quorum for that meeting. This was the requirement set by Alexkor and the RMC.

No agreement was ever presented to the Board to consider and approve. The board to enter into the agreement and represent the PSJV in the agreement approved no person. We have requested this information and we have been refused

It is still not clear what the outcome of the due diligence was.

The appointment of both FD and SSI was in our opinion in violation of the PFMA and we seek your assistance in investigating the complaint and take such remedial action as allowed by the Constitution of the Republic of South Africa.

YOUR MINING PARTNER
RICHTERSVELD MINING COMPANY (PTY) LTD


Peter D KORABIE
(Independent Director)



From: Duncan Korabie duncan@korabie.co.za
 Subject: SCARLET SKY INVESTMENTS
 Date: 12 March 2015 at 20:57
 To: Cathrene Stander sanddrift@richtersveld.gov.za
 Cc: rbegus@morning-tide.co.za, Zarina Kellerman zarinak@alexkor.co.za, Mr Mervin Steenkamp msteenkamp@swellenmun.co.za, DR PAUL rtpaul.rs@gmail.com, WILLEM VRIES wjvries@gmail.com, John Bristow johnbristow@incubex.co.za, Richtersveld GEV/CPA rgevcpa@gmail.com

Dear Mr. Pieter De Wet,

Our telephonic discussion of earlier this evening and your queries on the subject matter refers.

I confirm that Scarlet Sky Investments (SSI) was interviewed with a number of other candidates on the 11th of December 2014. A decision was taken to appoint SSI conditionally subject to certain conditions that had to be completed at the opening of the mine in January 2015. I was required to confirm the conditional approval in an email after Mr. Bagus called me on the 17th of December 2014. No resolution was signed by the members of the PSJV to appoint Scarlet even conditionally for that matter. It was merely a letter of intent.

It was expected, at least from my perspective, is that at some point the PSJV would return with its report on the conditions set by the various members of the board and consider if those conditions have been met or not. Considering the fact that the appointment was conditional it would have been expected from the members to consider the compliance with the conditions and then decide to appoint. ~~If it has been and a full decision is taken to appoint, the next phase is a consideration of the contract.~~

I do not know what happened after the mine opened or in subsequent board meetings of the PSJV. I'm sure the history of the matter will be documented in resolutions and proposals and approvals and the like. Maybe you should approach Raygen as secretary of the PSJV and get the information.

I will send you what I have.

Let me know if there is anything else you may need on this.

Regards.



DUNCAN KORABIE

ATTORNEYS NOTARIES CONVEYANCERS

HOUSE MADISON GROBBETER STREET, WELLINGTON

PO BOX 286, WELLINGTON 7655

TEL 021 873 7787

FACSIMILE 086 602 0380

EMAIL ADMIN@KORABIE.CO.ZA

To: Raygen Mills, Dennis Termer, Duncan L. Korabie
 Cc: pieterdewet099@gmail.com; Liesl Fortuin
 Subject: Re: SCARLET SKY INVESTMENTS

Hi Raygen

Kan u my voorsien met notules van die tender komitee se vergadering wat 11 Desember 2014 plaasgevind het en resoluie van die raad

Groete
 Willie Vries
 RMC

On Mon, Mar 16, 2015 at 12:26 PM, WILLEM VRIES <wjvries@gmail.com> wrote:

----- Forwarded message -----

From: **Duncan Korabie** <duncan@korabie.co.za>
 Date: Thu, Mar 12, 2015 at 8:57 PM
 Subject: SCARLET SKY INVESTMENTS
 To: Cathrene Slander <sanddrift@richtersveld.gov.za>
 Cc: rbagus@morning-tide.co.za, Zarina Kellerman <zarinak@alexkor.co.za>, Mr Mervin Steenkamp <msteenkamp@swellenmun.co.za>, DR PAUL <rlpaul.rs@gmail.com>, WILLEM VRIES <wjvries@gmail.com>, John Bristow <johnbristow@incubex.co.za>, Richtersveld GEV/CPA <rgevcpa@gmail.com>

Dear Mr. Pieter De Wet;

Our telephonic discussion of earlier this evening and your queries on the subject matter refers.

I confirm that Scarlet Sky Investments (SSI) was interviewed with a number of other candidates on the 11th of December 2014. A decision was taken to appoint SSI conditionally subject to certain conditions that had to be completed at the opening of the mine in January 2015. I was required to confirm the conditional approval in an email after Mr. Bagus called me on the 17th of December 2014. No resolution was signed by the members of the PSJV to appoint Scarlet even conditionally for that matter. It was merely a letter of intent.

X It was expected, at least from my perspective, is that at some point the PSJV would return with it report on the conditions set by the various members of the board and consider if those conditions have been met or not. Considering the fact that the appointment was conditional it would have been expected from the members to consider the compliance with the conditions and then decide to appoint. If it has been and a full decision is taken to appoint, the next phase is a consideration of the contract.

I do not know what happened after the mine opened or in subsequent board meetings of the PSJV. Im sure the history of the matter will be documented in resolutions and proposals and approvals and the like. Maybe you should approach Raygen as secretary of the PSJV and get the information.

I will send you what I have.



From: Duncan Korabie duncan@korabie.co.za
 Subject: Re: SCARLET SKY INVESTMENTS
 Date: 24 March 2015 at 09:47
 To: Raygen Phillips raygenp@alexkor.co.za
 Cc: pieterdewet099@gmail.com, WILLEM VRIES wjvries@gmail.com, Richtersveld GEV/CPA rgevcpa@gmail.com, Zarina Kelleman zarinak@alexkor.co.za, Mervyn Carstens mervync@alexkor.co.za, floors.strauss floors.strauss@gmail.com

Morning Raygen;

All is well thank you.

I think I was wrong in that you did draft the email. But I think you misunderstood the context of the comment.

The content of the email comes across as trying to defend a position.

In light of the hard work done by Zarina, Rafique, Mervyn, the CPA and other members of the PSJV and you, in particular the comments by the board members of the PSJV and CPA on how far things have come and what has been achieved in 2014, it is incomprehensible to believe that a bickering over email can erupt in manner it has done.

Further, Zarina and the CPA have developed a process of inclusiveness of all parties involved in the governing of not only the PSJV but matters that affect the community. You will recall how all entities rallied around the PSJV and Alexkor in the past. If Pieter requires information he can only do so as the representative capacity of shareholder of the RMC, not because of some or other devious reason. I refuse to accept that it can even be believed that he would do something like that. Similar, in February 2015, the PSJV used a CPA member to sit in on meeting of the PSJV. This has not been challenged by the RMC because of the cooperative relationship there presumed to exist. I think the only thing the RMC wanted done was to have it ratified appropriately if it can be done.

I suggest that you build on the manner that the cooperative relationship has evolved bearing in mind that directors and even the community have insight into the affairs of the PSJV. As soon as you shield the conduct of the PSJV you are presumed to act in a clock and dagger manner, which not only harms the work of the PSJV but the trust relationships that have developed.

Remember RMC has a shareholder who is the link with the trust to the CPA. SelfDevco has a right to believe it or not instruct Willie to do certain things related to the RMC functions on the PSJV.

Sometimes it comes out wrong, but its the Richtersveld most of the things come out wrong. The key is to manage that and not see it as a threat.

So I will reiterate in light of what has been stated above, that I do not think you wrote the email, what I do believe is that an administrator wrote it in a too administrative capacity losing sight of the reason and capacity for the request and the cooperative relationship that has developed.

I don't want to be dragged into this debate any further solely to state and advise on the use of my suggestion above.

I trust the above is in order.

Regards
 Duncan

On 24 Mar 2015, at 08:10, Raygen Phillips <raygenp@alexkor.co.za> wrote:

More Duncan

Hoop dit gaan goed, wat bedoel die comment onder? Dat ek nie self die brief geskryf het nie? Weet jy dalk wat die bekommernis is rondom SSI? En in watter hoedanigheid Pieter die vrae rig, want ons het 'n kontrakteurs verteenwoordigers liggaam deur wie ons werk en kan ons nie bekostig om met een kontrakteur apart te praat rakende aangeleenthede wat die hele kontrakteurs raak nie?

Ons het nog altyd dié verstandhouding met kontrakteur gehad? Indien hy as selfdevco vra op watter gronde en eerlikwaar SSI wat betref die beneficiation het die beste voorleg gemaak en ons kontrakteurs is opgewonde op die vooruitsig om te deel in die opbrengs van die verkoop van die jwele. Ons het 'n baie goeie deal onderhandel en wen die PSJV en die kontrakteurs heelpad met SSI. SSI was die enigste maatskappy wie bereid was om 'n vennootskap te sluit met die PSJV rakende die beneficiation. Ons het ook vasgemaak dat 4 lede van die gemeenskap gestuur word vir training vir cutting en polishing vir as ons eendag ons eie fabriek het in Alexanderbaai.

Dit is die werk van die PSJV bestuur om te werk na 'n beter toekomst en het ons deur harde werk

From: **Duncan Korabie** duncan@korabie.co.za
 Subject: Re: SCARLET SKY INVESTMENTS
 Date: 24 March 2015 at 09:51
 To: Raygen Phillips raygenp@alexkor.co.za
 Cc: pieterdewet099@gmail.com, wjvries@gmail.com, Cathrene Slander sanddrift@richtersveld.gov.za, liesl.devco@gmail.com,
 Zarina Kellerman zarinak@alexkor.co.za, Mervyn Carstens mervync@alexkor.co.za

Dear Raygen;

Your email below refers.

With reference to my earlier email- awesome- and thank you for the information.

Regards
 Duncan Korabie.

On 24 Mar 2015, at 09:23, Raygen Phillips <raygenp@alexkor.co.za> wrote:

Goeie More Pieter

Soos met al die tenders van die PSJV word ons volgens PFMA verplig om te adverteer en was hierdie tender ook adverteer in die nasionale koerante, provinsiaal sowel as die Staatskoerant, en heg ek hierby aan die advertensie vir verwysing. Ons het nege EOI ontvang en al die maatskappy was uitgenooi na 'n briefing session gedurende November 2014, waarvan sewe maatskappye toe voorleggings ingedien het op die tender dokumente wat ons sirkuleer het. Drie maatskappye is gekortlys en genooi na voorleggings aan die Tender Komitee. Uit die drie was die tender toegestaan aan SSI, nadat die bestuur 'n due diligence gedoen het op SSI.

AL die PSJV tenders word op dieselfde manier adverteer en dieselfde tender prosesse word gevolg. Ons het ook met die CRB bespreek voordat die advertensie uit was en was dit op byna elke raadsvergadering bespreek da tons 'n nuwe maatskappy moet kry vir die verkoop en bemarking van diamante. Op Oktober maand se raadsvergadering het die raad eenparig besluit dat die tender moet uit en dat die proses finaliseer moes word omdat Fusion Alternatives se kontrak end Januarie 2015 tot 'n einde sal kom.

Pieter moet nie my vraag rondom in watter hoedanigheid jy vra misverstaan nie, jy is 'n kontrakteur ook en wou ek slegs weet of dit as kontrakteur is aangesien ons lang vergaderings en 'n nota via Minnie uitgestuur het na die kontrakteurs. Wat Selfdevco betref het ek geen probleem om inligting te gee nie maar moet jy verstaan dat ek nie raadsnotules ens net kan uitgee nie, ek is sekretaresse van die Raad en is deur wet verplig om alle inligting vertroulik te hanteer.

Groete en laat weet asb.as daar nog enige onduidelikheid is rondom die tender.

Raygen Phillips
 Company Secretary
 Tel: 027 831 8352
 Fax: 027 831 1910
 E-mail: raygenp@alexkor.co.za
 Website: www.alexkor.co.za

---Original Message---

From: pieterdewet099@gmail.com [<mailto:pieterdewet099@gmail.com>]
 Sent: 24 March 2015 10:50
 To: wjvries@gmail.com; sanddrift@richtersveld.gov.za; Raygen Phillips
 Cc: liesl.devco@gmail.com; duncan@korabie.co.za
 Subject: Re: SCARLET SKY INVESTMENTS

More Willie

dankie vir die inligting van prosese gevolg oor die aanstelling van SSI, wat wel verneem word uit hierdie inligting is dat daar n TENDER Proses was oor bemarkingdienste vir die PSJV graag sal ons wil verneem oor die adverteuring van die diens benodig, ook soos bespreek by die SELFDEVCO vergadering was dit die 2 punte onder SSI oa 1, proses 2 die deelname van die GEMEENSKAP uit so n tender Dit is nou behalwe die 49% gehou binne die PSJV deurRMC vir die Gemeenskap
 Soos u bewus is is SELFDEVCO die ekonomiese arm van die Gemeenskap soos ooreengekom deur n SKIKINGSOOREENKOMS met ALEKKOR en die STAAT, ons verdere gespreke oor hierdie aangeleentheid sal by ons opvolg vergadering die week geskied ons sal met u in kontak bly oor die pad vorentoe, jammer tog ek sal nie wil reageer op wie en wat is Peter Dewet nie. Besigheids Groete

---Original message---

From: WILLEM VRIES
 Sent: Tue, 24 Mar 2015 07:53:11 +0200
 To: <raygenp@alexkor.co.za><duncan@korabie.co.za><idermistatmer769@gmail.com>
 Subject: Re: SCARLET SKY INVESTMENTS



From: **Duncan Korabie** duncan@korabie.co.za
 Subject: Re: SCARLET SKY INVESTMENTS
 Date: 24 March 2015 at 10:18
 To: **Raygen Phillips** raygenp@alexkor.co.za
 Cc: pieterdewet099@gmail.com, **WILLEM VRIES** wjvries@gmail.com, **Richtersveld GEV/CPA** rgevopa@gmail.com, **Zarina Kellerman** zarinak@alexkor.co.za, **Mervyn Carstens** mervync@alexkor.co.za, **floors.strauss** floors.strauss@gmail.com

Dear Raygen.

Thank you.

Regards
 Duncan Korabie

On 24 Mar 2015, at 09:58, Raygen Phillips <raygenp@alexkor.co.za> wrote:

Dear Duncan

Your comments have been noted, thanks.

I have responded to Pieter's enquiry and think the matter is closed now, unless there is any further information requested by Pieter.

Regards

Raygen Phillips
Company Secretary
 Tel: 027 831 8352
 Fax: 027 831 1910
 E-mail: raygenp@alexkor.co.za
 Website: www.alexkor.co.za

From: Duncan Korabie [<mailto:duncan@korabie.co.za>]
Sent: 24 March 2015 09:47
To: Raygen Phillips
Cc: pieterdewet099@gmail.com; **WILLEM VRIES**; **Richtersveld GEV/CPA**; **Zarina Kellerman**; **Mervyn Carstens**; **floors.strauss**
Subject: Re: SCARLET SKY INVESTMENTS

Morning Raygen;

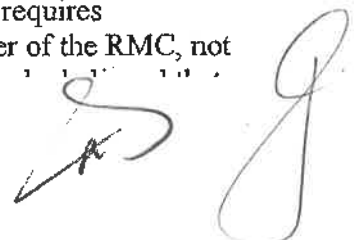
All is well thank you.

I think I was wrong in that you did draft the email. But I think you misunderstood the context of the comment.

The content of the email comes across as trying to defend a position.

In light of the hard work done by Zarina, Rafique, Mervyn, the CPA and other members of the PSJV and you, in particular the comments by the board members of the PSJV and CPA on how far things have come and what has been achieved in 2014, it is incomprehensible to believe that a bickering over email can erupt in manner it has done.

Further, Zarina and the CPA have developed a process of inclusiveness of all parties involved in the governing of not only the PSJV but matters that affect the community. You will recall how all entities rallied around the PSJV and Alexkor in the past. If Pieter requires information he can only do so as the representative capacity of shareholder of the RMC, not



meer as verdupeer. Ons moet altyd dink om die PSJV vorentoe te vat en die Alexkor brand te bemark tot so 'n mate dat almal net Alexkor diamante wil he, en is SSI dus die regte maatskappy om ons daarmee te help.

Vriendelike Groete

Raygen Phillips
Company Secretary
 Tel: 027 831 8352
 Fax: 027 831 1910
 E-mail: raygenp@alexkor.co.za
 Website: www.alexkor.co.za

From: Duncan Korabie [<mailto:duncan@korabie.co.za>]
Sent: 23 March 2015 21:41
To: Raygen Phillips
Subject: Re: SCARLET SKY INVESTMENTS

Willie

ek dink nie Raygen het die brief geskryf nie

On 23 Mar 2015, at 16:20, Raygen Phillips
 <raygenp@alexkor.co.za> wrote:

Goeie Middag Willie

Ek sal jou e-pos versoek aan die PSJV Raad stuur aangesien die besprekings op die Tender Komitee en Raadsvergadering hoogs vertroulik is en ek nie net inligting aan party kan uitgee wie nie op die PSJV Raad dien nie, Ek sien jou e-pos CC persone wie nie raadslede is nie en sal ek dus skriftelik toestemming van die Raad moet bekom.

Wat die resoluëie betref het jy sowel as die volle PSJV Raad dit onderteken dat die Tender aan SSI toegestaan kan word. In die lig van Duncan se bedanking uit die PSJV Raad stem ek met hom saam dat hy nie verdere inligting het van enige PSJV aangeleenthede nie. Dus sal hy nie weet watter proses verder gevolg was nie na die vergadering op 11 Desember 2014 te Johannesburg nie, maar kan ek jou die versekeing gee dat die Raad en Komitee soos met al die vorige tenders van die PSJV 'n ingeligte besluit geneem het rakende die toeken van die tender.

Verder tot Duncan se e-pos skrywe verneem ek dringend uit watter hoedanigheid Pieter die inligting versoek, as kontrakteur of raadslid van Selfdevco aangesien ek dit nie kan aflei uit die e-pos skrywe nie. Indien as kontrakteur, het ons het reeds deur die voormalige sekretaresse van die Kontrakteurs Verteenwoordigings Liggaam, Minnie Rossouw inligting aan die kontrakteurs verskaf rakende die aanstelling van SSI en ook verskeie vergaderings met die verteenwoordigers van die kontrakteurs gehad.

Ons was laasweek by die Tender huis van SSI en lyk dit of die een van

JOHANNES WET <JOHANNESWET@HCLIBEX.CO.ZA>, RICHTELSVELD
GEV/CPA <rgevcpa@gmail.com>

Dear Mr. Pieter De Wet;

Our telephonic discussion of earlier this evening and your queries on the subject matter refers.

I confirm that Scarlet Sky Investments (SSI) was interviewed with a number of other candidates on the 11th of December 2014. A decision was taken to appoint SSI conditionally subject to certain conditions that had to be completed at the opening of the mine in January 2015. I was required to confirm the conditional approval in an email after Mr. Bagus called me on the 17th of December 2014. No resolution was signed by the members of the PSJV to appoint Scarlet even conditionally for that matter. It was merely a letter of intent.

It was expected, at least from my perspective, is that at some point the PSJV would return with it report on the conditions set by the various members of the board and consider if those conditions have been met or not. Considering the fact that the appointment was conditional it would have been expected from the members to consider the compliance with the conditions and then decide to appoint. If it has been and a full decision is taken to appoint, the next phase is a consideration of the contract.

I do not know what happened after the mine opened or in subsequent board meetings of the PSJV. I'm sure the history of the matter will be documented in resolutions and proposals and approvals and the like. Maybe you should approach Raygen as secretary of the PSJV and get the information.

I will send you what I have.

Let me know if there is anything else you may need on this.

Regards.
<image001.png>

The information transmitted, including attachments, is intended only for the person(s) or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and destroy any copies of this information.

The information transmitted, including attachments, is intended only for the person(s) or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any



Annexure "PHB 36"



**DEPARTMENT: PUBLIC ENTERPRISES
REPUBLIC OF SOUTH AFRICA
NATIONAL ASSEMBLY**

QUESTION NO.: 1204

DATE OF PUBLICATION: 23 April 2018

1204. Ms S V Kalyan (DA) to ask the Minister of Public Enterprises:

- (1) Whether complaints about certain persons namely Mr Bagus and Ms Kellerman, and also about the appointment of a certain company namely Scarlet Sky Investments were lodged with the Public Protector by a certain person namely Mr Duncan Korabie, and later withdrawn; if so,
- (2) whether one of the specified persons namely Ms Kellerman was thereafter appointed to do an internal investigation into the affairs of Alexkor; if not, what is the position in this regard; if so, what was the outcome? NW1298E



REPOSENSE BASED ON INFORMATION RECEIVED FROM ALEXKOR SOC LIMITED:

- (1) Alexkor were informed by Mr Korabie about the complaint he lodged to the Office of the Public Protector during 2015.

The complaint was withdrawn by Mr Korabie subsequent to a meeting between DPE and the Alexkor-CPA during November 2015, to allow the Department to investigate the matter internally. The investigation was done by the ARC Committee of the PSJV and the outcomes have been communicated with the Department.

- (2) Alexkor is not aware that Ms Kellerman was appointed to investigate the internal matters of Alexkor SOC. However, Ms Kellerman, as Chief Legal Officer at the time was instructed by the then Board of Directors to institute the forensic investigation into allegations made against the then CEO, Mr Percy Khoza. SizweNtsalubaGobodo (SNG) was appointed as an independent entity to conduct the said forensic investigation.

The technical nature of the irregularities were such that it was not obvious to the current Board whether it was appropriate, or not, to initiate any disciplinary action against the CEO. The Board subsequently commissioned Mkhabele Huntley Adekeye Inc. (MHA) to evaluate the SNG report in terms of the possible disciplinary actions available to Alexkor.


 Page 1 of 2
 

The finding of Mkhabele Huntley Adekeye Inc was that the CEO took “a cavalier approach to financial management of the entity, which exposes the entity to risk”. The report continues that: “based on the evidence before us, we are of the view that the Accounting Authority has reasonable prospects of securing a dismissal at arbitration”. The Board considered the Mkhabele Huntley Adekeye Inc reports and decided that a “reasonable” prospect of a successful dismissal was insufficient to warrant further action. Furthermore, the Company had embarked on a restructuring process during which the CEO put himself forward for voluntary retrenchment, which offer the Board accepted, as a simpler and more cost-effective option to disciplinary action.



Annexure "PHB 37"

Magashule and daughter in money-for-jam property scandal



ANC SG and Free State Premier Ace Magashule

31ST JANUARY 2018

BY: [NEWS24WIRE](#)

[SAVE THIS ARTICLE](#)

[EMAIL THIS ARTICLE](#)

FONT SIZE:

Controversial African National Congress (ANC) secretary general and Free State Premier **Ace Magashule** is implicated in a property deal with the Free State Development Corporation (FDC) that saw his long-lost daughter score R9 million for doing nothing.

A News24 investigation shows that 27-year-old **Thoko Alice Malembe**, Magashule's estranged daughter with whom he was reunited in 2011, scored a contentious property deal with the FDC, a government entity whose chairperson is said to be a long-time ally of Magashule.

Malembe was born shortly after Magashule went into exile in the late 1980s and was reunited with the premier in 2011, partly thanks to the intervention of ANC president **Cyril Ramaphosa**.

Neither Magashule or Ramaphosa have denied the story about Malembe's reunion with the premier.

Since this reintroduction, the young businesswoman's fortunes have improved drastically, largely due to a string of government tenders and property deals she secured from the provincial government under Magashule's control.

In one of the most troubling deals, Magashule himself allegedly helped ensure that properties owned by the FDC ended up in his daughter's hands. A concurrent R11m "upfront" rental agreement with petroleum giant Shell helped Malembe to purchase one of these properties from the FDC while allowing her to pocket a further R9m without so much as lifting a finger.

As a result of the latter property deal, a once thriving fuel station was forced to shut down, leaving more than 60 employees in the rural town of Phuthaditjhaba in the eastern Free State without jobs.

Video footage from security cameras shows Magashule and a group of men, including two FDC board members, inspecting this property in 2014. They were joined by a young woman who appears to be Malembe.

Malembe also happens to be a business associate of **Hantsi Matseke**, the FDC's chairperson and a long-time ally of Magashule. Malembe's and Matseke's respective companies have both greatly benefited from government contracts in the Free State and have worked together on some of these projects.

After Magashule's visit to the fuel station, Malembe's trust won a contentious FDC bid to become the property's new owner. Fuel giant Shell subsequently signed a R11.5 million lease agreement with Malembe. A portion of this upfront lease payment was used by Malembe's trust to buy the property from the FDC.

Magashule has denied that he influenced the FDC property deal or any contracts awarded to Malembe's company. 



Annexure "PHB 38"

PHB 38



29 February 2016

Honourable Minister Ms Lynne Brown, MP

The Department of Public Enterprises
1090 Arcadia Street
Info Tech Building
Hatfield
By Email

Dear Honourable Minister

REPORT BACK ON THE INVESTIGATION CARRIED OUT BY THE ALEXKOR AUDIT AND RISK COMMITTEE**1 INTRODUCTION**

The RMC, Alexkor's joint venture partner in the PSJV, lodged a complaint with the Minister of Public Enterprises in respect of the awarding of the tender **TENDER NO RFP 03/2014** by the PSJV to Scarlet Sky Investments ("SSI") as the preferred service provider for the sale of the JV's diamonds.

The matter was raised at the meeting between the RMC, Alexkor and the DPE on Wednesday, 28 October 2015 and it was resolved by the Minister that the Audit and Risk Committee of the Alexkor's Board ("the Committee") would conduct an investigation into the awarding of the tender.

The Committee subsequently met to deliberate on the scope and approach of the investigation, details of which are contained in section 2 and 3 of this letter. Furthermore, the detailed observations and findings of our investigation as well as our conclusion are detailed in Section 4 and 5 respectively.

2 SCOPE

The Committee agreed that it will review all the information pertaining to this tender including but not limited to:

- All formal complaints received from the RMC and/or its directors;
- All signed minutes of the PSJV Board recording formal complaints by the RMC and/or its directors;
- An affidavit from the Company Secretary and the Chief Executive Officer of the PSJV recording the sequence of event from the point a need was identified to the selection of Scarlet Sky Investment ("SSI") including all exhibits of documents referred to in the report under the following headings:

- Introduction of company SSI (Co registration, Income tax references, date of incorporation)

Reg. No. 1992/006369/30. Incorporated by Act No 116 of 1992.
Directors, shareholders, etc.; Rosebank, 2196 T +27 11 788 8809 F +27 11 788 8869

www.alexkor.co.za

Directors: Ms H Mayeza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mhlanga (Acting Chief Financial Officer) • Mr V Bansi
Mr J Danana • Mr T Haasbroek • Ms M Lehobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul **Company Secretary:** Z Kellerman



- The services that were advertised
- Process followed of identifying the need for the services advertised; evidence of what transpired; and outcome;
- Process followed to invite participant on the tender, evidence of what transpired and the outcome of the invitation
- Procurement processes followed, evidence of what transpired and the outcome;
- Process of seeking approval' evidence of what transpired and the outcome
- The approved Tender Committee Charter that oversaw the adjudication, the Supply Chain Management policy and Standard Operating Procedures used to appoint the SSI as a preferred supplier;
- All signed minutes of all the committees that were involved in the adjudication and awarding of SSI as a preferred supplier;
- Attendance registers pertaining to board, committee and management meeting where SSI is discussed, where people have rendered apologies, their written submission of their apologies;
- Access to visit the facilities of SSI at the request of the Committee;
- Copies of the due diligence responses provided after management conducted the technical due diligence and the legal due diligence; and
- A report of a technical adviser appointed by the Committee on areas of technical due diligence performed during the adjudication and awarding the tender, if deemed required.

3 APPROACH

The Committee was constituted with the following members:

- Ms M Lehobye (Chairperson)
- Mr T Haasbrook
- Mr T Matona apologised for not being available to serve on the Committee and the board nominated Mr V Bansi as his replacement

Dr R Paul, Ms Z Kellerman, Mr P Khoza and Ms T Mhlanga recused themselves from any dealing and deliberations concerning the investigation. Thereafter, communications were sent to all personnel from whom the Committee required information from so that it can independently review the evidence presented and form its view on the complaints lodged by the RMC.

Also, the Committee sought the resolution of the Board to approve its fees to conduct this investigation, which fees were set at maximum of R155 000 for all members.

Reg. No. 1992/006368/30. Incorporated by Act No 116 of 1992.

Head Office 8A Jellicoe Avenue, Rosebank, 2196 T +27 11 788 8809 F +27 11 788 8869

www.alexkor.co.za

Directors: Ms H Mayeza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mhlanga (Acting Chief Financial Officer) • Mr V Bansi
Mr J Dariana • Mr T Haasbrook • Ms M Lehobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul **Company Secretary:** Z Kellerman



4 DETAILED OBSERVATIONS AND FINDINGS

4.1 Formal complaints received from the RMC

The Committee understood that there was a formal complaint from the RMC that had been submitted to the Public Protector. The copy of which was forwarded to the Committee on the 15 December 2015 by Mr P Khoza. Our observations with regards to the letter and email from Mr P Khoza are as follows:

- a. The letter is on an RMC letterhead but not dated.
- b. The letter is signed by Mr D Korabie as an independent Director of RMC.
- c. The letter is addressed to Ms Winnie Manyathela at email winniem@pprotect.org.
- d. The complaint was received by Mr P Khoza on the 11th September 2015 and was cced to numerous interested parties including the DPE and PSJV Board members.
- e. The message to the Public Protector's Office represent Mr D Korabie as a service provider to the RMC with regard to lodging the complaint.

The detailed complaints levied against the PSJV is contained in Annexure A as paragraph 1 to 22, an Annexure to this report.

In conclusion, Mr P Khoza forwarded the above mentioned letter to the Chairperson of Alexkor Board and acknowledgement was sent to Mr D Korabie on the 14 September 2015. The Chairperson of Alexkor Board raised the matter at the PSJV board meeting of the 19th October 2015, which resulted into the matter being presented to the Honourable Minister.

4.2 Response to the complaint levied at it the PSJV

The response from the PSJV was received in a form of affidavits, interviews and collaborative evidence received to support the assertions made to the Committee.

For ease of reference we have included a timeline relating to activities that took place during the identification of need to the appointment of SSI as the preferred supplier for the sale of the JV's diamonds. Thereafter, we have outlined the Committees' response to the complains levied against the PSJV as well as our conclusion.

Reg. No. 1992/006368/30. Incorporated by Act No 116 of 1992.

Head Office 8A Jellicoe Avenue, Rosebank, 2196 **T** +27 11 788 8809 **F** +27 11 788 8869

www.alexkor.co.za

Directors: Ms H Mayeza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mhlanga (Acting Chief Financial Officer) • Mr V Bansi
Mr J Danana • Mr T Haasbroek • Ms M Lefobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul **Company Secretary:** Z Kellerman



4.2.1 Timeline

Date	Description	Annexure	Reference to Collaborative Evidence
21 October 2013	Technical Committee meeting of the PSJV raised a concern to management regarding the manner in which diamonds were marketed and sold by the then service provider Diamond Marketing Consultants("DMC"). The committee advised that management request approval from the PSJV Board ("the Board") to appoint a new service provider on a trial basis to determine whether there will be an improvement in the pricing.		
23 October 2013	Management obtained an approval from the Board to appoint a new service provider on a trial basis.		
08 January 2014	Agreement with DMC cancelled.	Annexure A	1
01 January 2014 to 31 July 2014	Management engaged and appoints Fusion Alternatives ("FA") on a trial basis to market, valuate and sell the diamonds.		
30 January 2014	Both the chairperson of the Technical Committee and management give feedback to the Board pertaining to the appointment of FA and the termination of DMC's services.	Annexure B para 4.1.3 & 8.2	2
10 April 2014	The progress on the sale of diamonds and the performance of FA discussed at the Technical Committee meeting.	Annexure C para 6.1	3
16 April 2014	The Board approves for management to commence with a formal tender process to appoint a service provider.	Annexure D para 6.4	4
18 July 2014	The Technical Committee noted that there is a need to recommend to the Board to extent the temporary agreement with FA for a period of six months.	Annexure E para 5.4	5
30 July 2014	The Board grants approval for the extension of the	Annexure F para	6

Head Office 8A Jellicoe Avenue, Rosebank, 2196 T +27 11 788 8809 F +27 11 788 8869

www.alexkor.co.za

Reg. No. 1992/000368/30. Incorporated by Act No. 116 of 1992.
Directors: Ms H Mayeza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mhlanga (Acting Chief Financial Officer) • Mr V Bansi
 Mr J Danana • Mr T Haasbroek • Ms M Lehobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul **Company Secretary:** Z Kellerman



Date	Description	Annexure	Reference to Collaborative Evidence
2014	temporary agreement. The duration of this agreement was from 01 August 2014 to 31 January 2015.	5.6	
31 October 2014	The request for proposals published in the Government Gazette. The date for the Sunday Times advert could not be ascertained however the minimum requirement of the Tender were detailed in the advert.	Annexure G1 Annexure G2	7
07 November 2014	Nine (9) expression of interest are received and invited to a briefing session on the 13 th November 2014.	Annexure H1 to H9	8
13 November 2014	Seven of the companies who expressed and interest attended the briefing session out of the nine.	Annexure I1 to I7	9
	The tender documents sent via email to all the nine companies that submitted expressions of interest. Companies were not excluded on the basis of non-attendance because the briefing session was not compulsory.		
25 November 2014	Acknowledged receipt of tender documents from: <ul style="list-style-type: none"> • CS Diamonds • SA Diamond Realisations (PTY) LTD t/a Fusion Alternatives • Elite Diamond Cutting Works (PTY) LTD • Flawless Diamond Trading House (PTY) LTD • Scarlet Sky Investment (PTY)LTD • Trans Hex Operations (PTY)LTD • Anthony Peter Rough Diamonds t/a E Diamonds 	Annexure J1 to J8	10
	Gamiro Advisory Services appointed to conduct the evaluations of the proposals from the bidding companies.	Annexure K	11
	From the seven proposals received three companies were shortlisted. In terms of the Evaluation Score Sheet, Flawless Diamonds was scored 50 points, Diamond Realisation	Annexure L Annexure L1 to L7	12

Head Office 8A Jellicoe Avenue, Rosebank, 2196 T +27 11 788 8809 F +27 11 788 8869

www.alexkor.co.za

5
Directors: Ms H Mayeza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mhlanga (Acting Chief Financial Officer) • Mr V Bansi
 Mr J Danana • Mr T Haasbroek • Ms M Lehobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul **Company Secretary:** Z Kellerman



Date	Description	Annexure	Reference to Collaborative Evidence
	was scored 75 points, E Diamonds was scored 57.5 point, CS Diamonds was scored 67 points, Scarlet Sky Investments was scored 71.5 points, Trans Hex was scored 65.5 points and Elite Diamonds was scored 34.5 points.		
08 December 2015	The shortlisted companies, CS Diamonds, Scarlet Sky Investments and Diamond Realisations were invited for presentations to the Tender Committee on 11 December 2014.	Annexure M1 to M3	13
11 December 2015	<p>The Board Members present at the presentations was Dr Paul, Mr Korabie and Mr Bagus. None of the members had any interest to declare in the tender.</p> <p>Each board member present scored the shortlisted companies. The scoresheet is disclosed after each members' declaration form.</p> <p>The highest score per member was as follows:</p> <ul style="list-style-type: none"> • Dr Paul: SSI = 54 points • Mr Korabie: SSI = 100 points • Mr Bagus: SSI = 66 points, tallied by the Committee 	Annexure N1 to N3	14
12 December 2015	<p>Subsequent to the presentations of 11 December 2014 the CEO was requested to obtain clarity on certain proposal made by SSI as SSI was the preferred bidding company and the CEO of the PSJV ("CEO") forwarded the request to SSI via email. The clarity and confirmation required included:</p> <ul style="list-style-type: none"> • Upfront guarantee of funding available; • Number of community members to be trained in cutting and cutting diamonds • Local beneficiation strategy • Undertaking that the mine will benefit from value adding of diamonds post extraction. 	Annexure O	15

Head Office 8A Jellicoe Avenue, Rosebank, 2196 T +27 11 788 8809 F +27 11 788 8869

www.alexkor.co.za

Directors: Ms H Mayeza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mhlanga (Acting Chief Financial Officer) • Mr V Bansi
Mr J Danana • Mr T Haasbroek • Ms M Lehobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul Company Secretary: Z Kellerman



Date	Description	Annexure	Reference to Collaborative Evidence
15 December 2015	SSI submitted the requested information.	Annexure P	16
17 December 2015	The Tender Committee members responded via email and conditionally approved the awarding of the tender to Scarlet Sky Investment, subject to a due diligence and verification process being conducted.	Annexure Q1 to Q3	17
18 December 2015	SSI was informed that the tender was conditionally awarded subject to the due diligence and verifications process.	Annexure P	16
	The due diligence was done by the CEO and the verification was done by the Chief Legal Officer of Alexkor		
27 January 2015	Mr. Duncan Korabie resigned as director the PSJV Board. Upon resignation no further correspondence on any PSJV matters was exchanged with Mr. Korabie, including any further information on tender RFP 03-14.	Annexure R	18
29 January 2015	The due diligence report was finalized and circulated to the Board members.	Annexure S	19
27 February 2015	Subsequent to the due diligence and verification process the Board approved the awarding of the tender to SSI. The approval was ratified via round robin resolution signed by: <ul style="list-style-type: none"> • Mr R Bagus • Dr R Paul • Ms Z Ntsangula • Mr W Vries • Mr J Bristow 	Annexure T	20
01 March 2015	SSI was informed that they were the successful bidder and that the tender was awarded to them and all other companies were informed that their proposals were unsuccessful.	Annexure V Annexure V1 to V6	21

Reg. No. 1992/006368/30. Incorporated by Act No. 116 of 1992.

Head Office 8A Jellicoe Avenue, Rosebank, 2196 T +27 11 788 8809 F +27 11 788 8869

www.alexkor.co.za

Directors: Ms H Mayeza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mblanga (Acting Chief Financial Officer) • Mr V Bansi
Mr J Danana • Mr T Haasbroek • Ms M Lehobye • Mr T Matona • Ms Z Ntsangula • Dr R Paul Company Secretary: Z Kellerman



Date	Description	Annexure	Reference to Collaborative Evidence
15 June 2015	Mr Korabie reappointed on the PSJV board		18

4.2.2 Response to the Complaints by the Committee

The following is the Committees' response to the complaints levied at the PSJV after taking into consideration all the evidence received:

Para 1	On 11 December 2014 the tender committee of the Alexkor RMC Pooling and Sharing Joint Venture (PSJV) conducted interviews with the aim of appointing a service provider to the PSJV to attend to the sale of the diamonds from the joint venture. We were represented by Duncan Korabie (Korabie).
Response by the Committee	The statement is correct RMC was represented by Mr Korabie on the Tender Committee until the 27 th January 2015.
Para 2	On the 17 th of December 2014 the previous chairperson contact Korabie and required Korabie to approve the conditional appointment of Scarlet Skye Investments 60 (Pty) Ltd (SSI). I raised certain queries with him surrounding the appointment and he persisted that a conditional appointment be done. A, inter alia, condition of the appointment of SSI was that the (CEO) should conduct a due diligence on SSI and report back to the committee on such due diligence.
Response by the Committee	<p>We confirm that on the 17 December 2014 Mr Korabie conditionally approved the awarding of the contract to SSI, subject to the due diligence and verification process via email.</p> <p>Mr Korabie did not raise any concerns in his email regarding SSI. The only committee member who had further comments in his email of 17 December 2014 was Dr Paul.</p> <p>It was confirmed by the Chairperson that the reason the approval was conditional was to ensure that all concerns of the committee were addressed even though SSI attained the highest scoring.</p>
Para 3	It would appear that there could not have been much a due diligence. SSI was previously owned by Legal Frontiers (Corporate Services) (LF). LF is a company that

Head Office SA Jellicoe Avenue, Rosebank, 2196 T +27 11 788 8869 F +27 11 788 8869

www.alexkor.co.za

Directors: Ms H Mayeza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mhlanga (Acting Chief Financial Officer) • Mr V Baasi
Mr J Danana • Mr T Haasbroek • Ms M Lehobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul Company Secretary: Z Kellerman



	trades in shelf companies. It would appear that from 2009 - 2014 SSI was a shelf company owned by LF. LF sold SSI and its new director were registered on 20 November 2014. We do not know who the shareholders are.
Response by the Committee	The CEO of the PSJV did a proper due diligence on all the technical aspects and submitted the report to members of the Tender Committee in an e-mail, dated 29 January 2015.
Para 4	The CEO never reported to the tender Committee on the due diligence, he was directed to conduct. Our investigation shows that the former chairperson, the CEO and Alexkor's CLO appointing another director of the RMC, Mr J Bristow ("Bristow") to the tender committee instead of Korabie. The RMC has never appointed Bristow as the representative to the tender committee nor the PSJV Board.
Response by the Committee	The due diligence was conducted as indicated to the response to para 4. Neither Alexkor nor RMC appoints representatives to the PSJV Committees. Committee members are appointed by the PSJV Board. Dr Bristow participated in all the previous Tender Committee meetings of the PSJV. RMC only informed the PSJV during September 2015 that Dr Bristow was no longer a representative of the RMC on the PSJV Board Annexure W
Para 5	The CLO and the former chairperson presented Bristow as an independent director for the RMC. During June 2015, it was discovered that Bristow holds a 5% interest in a company only known as Flawless Diamonds (FD). FD operates as an evaluator of diamonds before SSI sells off diamonds.
Response by the Committee	Dr Bristow was appointed on 04 March 2013 by the RMC as director of the PSJV Board (File reference 22) Dr Bristow declared his interest in Flawless Diamonds (FA) on the 14 November 2014 and again on the 21 and 24 April 2015 (file reference 23)
Para 6	Prior to the sitting of the tender committee, no documents were made available related to the candidates who will be considered to Korabie. Prior to the interview of the shortlisted candidates, the tender committee did no shortlisting and the tender committee had no insight into the methodology and process used in the shortlisting process. In an email response Raygen Phillips mentioned that the CEO will speak with Korabie prior to the meeting. No such discussion took place. Individuals in the

Head Office: 6A Jelllicoe Avenue, Rosebank, 2196 T +27 11 788 8869 F +27 11 788 8869

www.alexkor.co.za

Directors: Ms H Mayeza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mhlanga (Acting Chief Financial Officer) • Mr V Bansi
Mr J Danana • Mr T Haasbroek • Ms M Lehobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul Company Secretary: Z Kelleman



	PSJV did the shortlisting, amongst other we discovered the CEO and the Secretary. The CEO also sat in on the shortlisting interview process on the 11 th December 2014.
Response by the Committee	Gamiro Advisory Services was appointed to conduct the exercise of the shortlisting. The committee acknowledge that the presentation by Gamiro Advisory Services should have been accompanied by a report that informs the committee of the methodology followed and process used to shortlist the companies. This matter will be highlighted to the management of the PSJV to enhance the controls around reports received from external parties.
Para 7	The PSJV subscribes to the Public Finance Management Act 1 1999 at least according to the CLO.
Response by the Committee	The PSJV is not legally obliged to subscribe to the PFMA. However, it does subscribe and adheres to the PFMA through its association with a state owned company.
Para 8	On the 11th of December 2015 the CLO and chairperson at the time took Korabie and Dr Roger Paul (Paul) a Alexkor representative into his office and discussed what he viewed as the new direction the PSJV must take in appointing the service provider. He mentioned that only one candidate that will be interviewed met the new direction he proposes. He then mentioned SSI
Response by the Committee	The date 11 th December 2015 cannot be correct as the tender was awarded on the 27th February 2015. We have received the representation of Mr. Bagus that he has no recollection of the meeting taking place.
Para 9	On the 17th of December 2014 the previous chairperson contacted Korabie and required Korabie to approve a conditional appointment of Scarlet Skye Investments 60 (Pty) Ltd (SSI). Korabie raised certain queries with him surrounding the appointment and he persisted that a conditional appointment be done. Korabie also received a call from the CLO of Alexkor in this regard.
Response by the Committee	The Tender Committee members responded via email and conditionally approved the awarding of the tender to Scarlet Sky Investment, subject to a due diligence and verification process being conducted.
Para 10	During March 2015 the appointment of SSI reaches a boiling point with the sole shareholder of the RMC challenging the regularity the appointment.
Response by the Committee	No response.

Head Office 8A Jelliffe Avenue, Rosebank, 2196 T +27 11 788 8809 F +27 11 788 8869

www.alexkor.co.za

10
Directors: Ms H Mayeza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mhlanga (Acting Chief Financial Officer) • Mr V Bansi
 Mr J Danana • Mr T Haasbroek • Ms M Lehobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul **Company Secretary:** Z Kellerman



Para 11	Various request were sent to Phillips to provide certain information to the RMC and its shareholders. The first response from Phillips was on 23 March 2015 where she indicated that the request would be forwarded to the Board of the PSJV. The request never reached the Board who met on the 27th July 2015. Amongst those request were the minutes of the tender committee of the 11th of December 2014. We are not aware of any further meeting of the tender committee.
Response by the Committee	The PSJV had a board meeting 27 July 2015. The discussion on SSI performance was included under File reference 24 para 4.1.9. At that sitting there was no record on the minutes that the RMC was unhappy about the appointment of SSI as a service provider. The minutes of the Tender Committee is enclosed under File Reference 25. The Committee noted that the minutes were only signed by the company secretary however the voice recording is available if a need exist to verify the recording.
Para 12	This information is outstanding to date. In fact, any request the RMC makes to the PSJV related to information is met with the answer that the request must or will be directed to the PSJV Board.
Response by the Committee	According to best practice it is advisable that all the communications with external parties including shareholders be channelled through the Board. We therefore don't find the intentions of the PSJV malicious.
Para 13	On the 27th July 2015 a further startling discovery was made at the PSJV board meeting. The CEO report directly to the chairperson of the Board of the PSJV on the day to day running of the PSJV in contravention of Unanimous Resolution that stipulates he reports to the Board of the PSJV. The CEO claims that it is in accordance with his employment agreement.
Response by the Committee	The CEO of the PSJV reports to the Board through the Chairperson of the Board. This is general practice and is in accordance with the CEO's contract of employment.
Para 14	The RMC sought a copy of this agreement. Again the response was that the request would be referred to the PSJV Board. It is not clear what other business the previous chairperson conducted in contravention the Unanimous Resolution.
Response by the Committee	Due to the sensitivity of the document, we recommend that a request be put through the Chairperson of the PSJV Board to discuss the matter at the next board meeting.
Para 15	We have discovered that at 2 days before the tender closed the directors in SSI were registered with the Companies Office in Pretoria. 116 of 1992.

Head Office 8A Jellicoe Avenue, Rosebank, 2196 T +27 11 788 8809 F +27 11 788 8860

www.alexkor.co.za

Directors: Ms H Mayeza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mhlanga (Acting Chief Financial Officer) • Mr V Bansi
Mr J Danana • Mr T Haasbroek • Ms M Lehobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul **Company Secretary:** Z Kellerman



Response by the Committee	
Para 16	You will note from the attached correspondence by Phillips that was chosen because they were they "had a good track record in the diamond industry", that they were the only entity willing to sign a beneficiation agreement. To the best of our knowledge none of the contractors were offered this proposal by the tender committee. SSI has no track record in the diamond industry prior to its appointment. Since the appointment of SSI no beneficiation for the community has taken place.
Response by the Committee	During the adjudication of the 3 shortlisted companies. Each tender committee member was afforded an opportunity to score on the beneficiation commitments. The outcome of the scores out of 10 for SSI was: <ul style="list-style-type: none"> • Dr Paul: SSI = 5/10 • Mr. Korabie: SSI = 10/10 • Mr. Bagus: SSI = 5/10
Para 17	It is clear to us that SSI was created specifically for this tender. We do not know who the shareholders are of SSI and their relationship if any with any of the tender committee board members or the PSJV Board Members. We do not know if SSI complies with the PFMA. We do not know if SSI complies with the BBBEE legislation. We do not know if the other requirements that led to their conditional appointment have been met
Response by the Committee	The appointment of SSI was done via Round Robin Resolution that was signed by all the Board members. Mr Korabie was not included as a signatory to the Round Robin Resolution as he no longer was a member of the PSJV Joint Board. The PSJV board from 27 January 2015 to 15 July 2015 consisted of 5 Directors. All the Directors of the PSJV Board signed the resolution
Para 18	When the Board considered the appointment of SSI, the tender committee had not made a recommendation. It could not have made a recommendation as it would not have been correctly constituted with John Bristow not being appointed by RMC and having indirect interest through FD.
Response by the Committee	The resolution of the board was signed at a duly constituted board meeting.
Para 19	At the Board meeting approving the appointment of SSI, our representative Willem Vries was misled by the rest of the board members and the CLO that Korabie had already approved the appointment of SSI and that it was mere formality. They did not disclose to him that Bristow was involved. The Board at the time was irregularly constituted, as it required 2 independent directors from the RMC and a community <p style="font-size: small;">Reg. No. 1992/006368/30. Incorporated by Act No 116 of 1992.</p>

Head Office 8A Jellicoe Avenue, Rosebank, 2196 T +27 11 788 8809 F +27 11 788 8869

www.alexkor.co.za

12
Directors: Ms H Mayeza (Chairperson) • PN Kloza (Chief Executive Officer) • T Mhlanga (Acting Chief Financial Officer) • Mr V Bang
 Mr J Danana • Mr T Haasbroek • Ms M Lehobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul **Company Secretary:** Z Kellerman



	director to constitute a quorum for the meeting. This was the requirement set by Alexkor and RMC.
Response by the Committee	We have received the affidavit from Mr. W Vries which we have enclosed for ease of reference under File reference 26, which indicate he was not misled to signing the resolution that approved the appointment of SSI.
Para 20	No agreement was ever presented to the Board to consider and approve. The board to enter into the agreement and represent the PSJV in the agreement approved no person. We have requested this information and we have been refused.
Response by the Committee	The PSJV Board participated in the drafting of the agreement with SSI. Several comments and recommendations were received from Board members and were incorporated during the drafting of the agreement.
Para 21	It is still not clear what the outcome of the due diligence was.
Response by the Committee	The outcome of the due diligence was forwarded to the Board on 29 January 2015. The RMC representatives were represented throughout the tender process and was well aware of the outcome of the due diligence.
Para 22	The appointment of both FD and SSI was in our opinion in violation of the PFMA.
Response by the Committee	It was difficult for the Committee to respond to this complaint as no reference to the PFMA clauses is made. Furthermore, our scope didn't include a full compliance audit of the PFMA as we believed that it would be costly to conduct such a review without any scope limitation to specific sections of the Act.

5 CONCLUSION

Based on the affidavit and collaborative evidence reviewed by the committee, we could not find any fundamental breach of procurement procedures adopted by PSJV other than manner housekeeping that we have alerted the management of the PSJV to correct.

Furthermore, we are of the view that some of the challenges that have been raised could be mitigated if the PSJV board pack is enhanced to include all committee minutes for noting at each board meeting. This will enhance transparency and information sharing. To that end, we have recommended to the chairperson of the PSJV to consider a resolution of the board to include the minutes as part of the board pack.

We are available to come to answer any questions the ministry might have.

Reg. No. 1992/006368/30. Incorporated by Act No 116 of 1992.

Head Office 8A Jellicoe Avenue, Rosebank, 2196 **T** +27 11 788 8809 **F** +27 11 788 8869

www.alexkor.co.za

Directors: Ms H Mayeza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mhlange (Acting Chief Financial Officer) • Mr V Bansi
Mr J Danana • Mr T Haasbroek • Ms M Lehobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul **Company Secretary:** Z Kellerman



On behalf of the Alexkor's Audit and Risk Committee,

Ms M Lehobye CA(SA)
Chairperson of the Audit and Risk Committee

Cc: Honourable Deputy Minister, Mr B Magwanishe, MP
Cc: Director General, Mr M Seleke
Cc: Chairperson of the Alexkor Board, Ms H Mayeza

Reg. No. 1992/006368/30. Incorporated by Act No 116 of 1992.

Head Office 8A Jellicoe Avenue, Rosebank, 2196 **T** +27 11 788 8809 **F** +27 11 788 8869

www.alexkor.co.za

Directors: Ms H Mayeza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mhlanga (Acting Chief Financial Officer) • Mr V Bansi
Mr J Danana • Mr T Haasbroek • Ms M Lehobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul **Company Secretary:** Z Kellerman

Annexure "PHB 40"



20 October 2017

Ms Lynne Brown, MP
Minister
The Department of Public Enterprises
1090 Arcadia Street
Info Tech Building
Hatfield
By Email

Dear Honourable Minister

RE: PRE-NOTIFICATION ON THE PROPOSED ESTABLISHMENT OF ALEXCOAL

This serves to acknowledge Minister's letter dated 20 September 2017 and also to acknowledge Minister's conditional approval to proceed with the negotiations with IPC Beneficiation in particular. Alexkor would like to express its sincere gratitude for this conditional approval and recommended way forward.

Alexkor is fully committed to submit a robust Section 54 (2) PFMA application as per the recommendations in Minister's letter under item points a) to h). However, some of the items require the establishment of Alexcoal first before they can be further addressed as per the attached Annexure A.

Alexkor has already engaged with most of the relevant stakeholders, including Eskom, and the common view held is that they would prefer further engagements at an Alexcoal level and not separately as Alexkor and IPC Beneficiation. It is, therefore, imperative that Alexcoal is first established in order to proceed towards the finalisation of the transactions which will lend added credibility in the submission of a robust Section 54 (2) PFMA application.

It is in this regard that we request Minister to approve the establishment of Alexcoal and grant the company permission to go ahead and seek approval from the Minister of Finance in terms of Section 51 (1) (g) of the PFMA.

I trust that this is satisfactory.

Yours sincerely

MS HANTSI MATSEKE
CHAIRPERSON

Reg. No. 1992/006368/30. Incorporated by Act No 116 of 1992.

Head Office The Woodlands Office Park, Office Block 15, 2nd Floor, 20 Woodlands Drive, Woodmead, Johannesburg, 2191

T +27 11 ALEXKOR (253 9567) **F** +27 11 788 8869

www.alexkor.co.za

Directors: HB Matseke (Chairperson) • VK Bansi (Acting Chief Executive Officer) • J Bonnet (Acting Chief Financial Officer)
JS Danana • TM Haasbroek • M Lehobye • TJ Matona • ZZ Ntlangula **Company Secretary:** JR Matisonn

A handwritten signature in black ink, appearing to be the signature of Ms Hantsi Matseke, located at the bottom right of the page.

Annexure "PHB 41"

Centaur Holdings Announces Funding Package for 'Nungu Colliery' Coal Project in South Africa

NEWS PROVIDED BY
Centaur Holdings Ltd →
27 Jan, 2015, 04:00 GMT



DUBAI, January 27, 2015 /PRNewswire/ --

Centaur Holdings Ltd ("**Centaur**"), a global investment holding company with interests and investments ranging from asset management, wealth management, private equity, venture capital, mining and natural resources and agricultural investments is pleased to announce that it has completed a funding package through a wholly owned subsidiary (the "**Company**") for IPC Coal (Pty) Ltd and IPC Mining (Pty) Ltd (collectively "**IPC**").

(Logo: <http://photos.prnewswire.com/prnh/20150118/724683>)



Under the terms of a recently executed Cooperation Agreement, the Company has agreed to provide secured capital to expand IPC's existing opencast mining operations at its Nungu Colliery, which will allow IPC to begin mining the underground reserves in February 2015.

The remaining extent of Portions 4 and 23 and Portions 67, 68 and 69 of the farm Elandspruit 291 JS form the Nungu Colliery which measures roughly 3258 hectares. The Nungu Colliery lies 5km West of Middelburg Town, Mpumalanga Province, Republic of South Africa and benefits from well established logistics infrastructure.

The Nungu Colliery coal reserves are located beneath the surface on the remaining extent of Portion 23 and access to the underground coal reserves is also located on Portion 23 in the high wall of the previously mined out Nungu West Opencast pit. All the opencast reserves on Portions 67, 68 and 69 have previously been mined and the pits have been rehabilitated and the surface levelled. Only the remaining underground coal reserves are available to be mined.

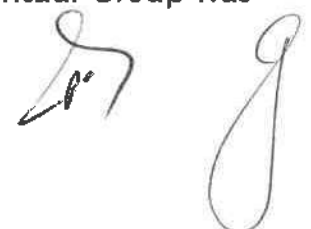
The Company previously funded IPC to mine the Nungu opencast reserves and based on IPC's track record, has now agreed to fund an undisclosed sum to allow IPC to successfully mine the underground reserves of circa 7m tons of thermal coal.

Centaur and IPC have agreed an option to allow Centaur to increase the funding package and simultaneously acquire an equity stake in IPC as a secondary stage to the transaction.

Commenting on the funding package, Centaur Group CEO, Daniel McGowan, said

"The recently completed funding package for IPC is part of Centaur's strategic plan for its mining division, with a specific focus on high quality export thermal coal and established logistics infrastructure. Centaur and IPC have a strong working relationship, which has been built on IPC successfully mining the Nungu opencast reserves. The funding package further demonstrates Centaur's selective expansion plans in the natural resources sector in South Africa. Centaur will begin work on the secondary stage of the transaction during Q1".

Webber Wentzel acted as Legal Counsel for Centaur for the security provisions of the Cooperation Agreement and Centaur Asset Management, a wholly owned subsidiary of Centaur, acted as financial advisor for the transaction. Ecca Project Services (Pty) Ltd acted as mining advisor to Centaur and will maintain a supervisory role throughout the underground mining 'life of mine'. The 'Private Equity' division of the Centaur Group was responsible for sourcing and managing the IPC transaction.



For more information <http://www.centaurmining.com>

Disclaimer

This press release is for information purposes only. No guarantee, representation, undertaking or warranty, express or implied, is given by Centaur and/or the Centaur Group and/or their respective directors, officers, partners, shareholders, members and/or service providers as to the accuracy or completeness of the information or opinions contained in this press release and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions.

SOURCE Centaur Holdings Ltd

Handwritten signature in black ink, consisting of a stylized 'S' followed by a large, flowing 'G'.

Annexure "PHB 42"

PHB 42

gavinjohn@outlook.com

From: Henk Smith <henksmith1@outlook.com>
Sent: 22 April 2018 04:32 AM
To: gavinjohn (gavinjohn@outlook.com)
Cc: David Pells
Subject: RE: Centaur Meridiam Alexkor RMC PSJV midwater
Attachments: Practice%20note%20SCM%2011%20of%202008_9.pdf

Treasury regs and guidelines
 Unsolicited tenders

From: Henk Smith
Sent: 21 April 2018 09:36 AM
To: gavinjohn (gavinjohn@outlook.com) <gavinjohn@outlook.com>
Cc: 'David Pells' <ocsalvage@gmail.com>
Subject: Centaur Meridiam Alexkor RMC PSJV midwater

Centaur Holdings is based in Dubai in the United Arab Emirates (UAE) and has Daniel McGowan as its CEO. The company said on its website that it has interest in developing coal properties in South Africa. The firm's key shareholders are Aakash Garg Jahajgarhia, who is married to the daughter of Anil Gupta, one of the Gupta brothers, according to the state capture report. Other shareholders include Simon Hoy, McGowan and David Silver. The reason for Centaur Holdings' mention in the state capture report is that the company signed a \$100m (R1.4bn) revolving credit facility with an anonymous UAE-based family to expand its natural resources projects in South Africa. Centaur is also one of the entities that contributed towards the R2.15bn purchase price of Optimum Coal Holdings by Tegeta Exploration & Resources, a subsidiary of Gupta company, Oakbay Investments. <http://www.miningmx.com/top-story/28353-firm-behind-r500m-de-roodepoort-coal-project-gupta-linked/>

Centaur Mining companies and projects currently have a specific focus on investments in the mining and natural resources sectors in South Africa, Namibia, Zimbabwe, USA, UK, Indonesia, and Australia. Centaur Mining ("Centaur Mining") is the brand name for a **series of operating subsidiaries of Centaur**. Centaur has over 35 portfolio companies and subsidiaries operating across 10 countries. Centaur Mining companies and projects currently have a specific focus on investments in the mining and natural resources sectors in South Africa, Namibia, USA, UK, Indonesia and Australia. <http://www.centaurmining.com/> Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda. Tel: +1 441 295 3788 info@centaurmining.com;

Centaur Ventures signs \$100 million credit deal with UAE-based family office The funds will be used to expand the mining and natural resources projects of Centaur Mining predominantly in South Africa. Centaur's Mining arm, which is based in South Africa, have received reserve bank approval for 1.5 billion ZAR for the funds to be deployed in South Africa. The deal, which was agreed at a four per cent coupon, will see Centaur's Asset Management arm serve as the advisor to Centaur Ventures. Centaur Ventures are based in Dubai, with additional offices in London, Hong Kong and Bermuda. Centaur Ventures was established with a specific focus on investments in the **mining and natural resources sectors in South Africa**, USA, UK and Australia. The firm employ a range of investment structures, including common equity via private placements or proprietary investments, debt, Islamic debt, convertible debt, bridge loans and credit support. The Centaur Asset Management team manages all investments on behalf of Centaur Ventures.

IPC Coal and IPC Mining have secured funding from Centaur Holdings to accelerate operations its opencast mining operations at Nungu colliery in Mpumalanga Province of South Africa. With this funding, IPC will be able to begin mining the underground reserves of around seven million tons of thermal coal in February. Centaur CEO Daniel McGowan said: "The recently completed funding package for IPC is part of Centaur's strategic plan for its mining division, with a specific focus on high quality export thermal coal and established logistics infrastructure. "The

funding package further demonstrates Centaur's selective expansion plans in the natural resources sector in South Africa. Centaur will begin work on the secondary stage of the transaction during Q1." Centaur was advised by Webber Wentzel, Centaur Asset Management and Ecca Project Services. <http://www.centaurmining.com/centaur-to-support-ipc-s-nungu-underground-mining-plan-in-south-africa/>

Mining success: Daniel McGowan In just four years, Daniel McGowan has amassed \$500m worth of assets under management via his start-up Centaur Group Holdings. The CEO outlines how the company will use investment in innovative products to reach more than \$3bn next year <http://www.arabianbusiness.com/mining-success-daniel-mcgowan-627769.html>

MERIDIAM MINING SOUTH AFRICA K2015/363193/07: registration date 14/10/2015; 3 ROUX AVENUE, VANDIA GROVE, BRYANSTON EXT 3, GAUTENG, 2194; directors BENEFELDT, YUSUF; FRUIN, MARITZA [resigned] MCGOWAN, DANIEL JAMES APARTMENT 8102 BURJ KHALIFA, 1 SHEIKH MOHAMMED BIN RASHID BLVD, DUBAI, UNITED ARAB EMIRATES Appointment date 12/02/2017

ALEXKOR RMC POOLING AND SHARING JOINT VENTURE MARINE MINING SERVICES TENDER

ADMINISTRATION/INFORMATION TENDER 04/2016: We hereby request companies to prepare an innovative proposal to provide Marine Mining Services in the A Concession with a water depth of 12 to 30 meters. The closing date and time for your submission is Friday, 28 October 2016. The PSJV applies a policy of Broad Based Black Economic Empowerment (BBBEE) in all its employment, programmes, practices and business relationships as set out in Section B. Information submitted shall be considered during the tender adjudication process. Interested companies are requested to submit an innovative proposal to mine in the Alexkor A Concession from a water depth of 12 to 30 meters. As part of the proposal bidders must prove that they have adequate financial resources and/or financial guarantees to support the operations, and that they will have the ability to mine at these water depths with equipment and technology that is not dependent on diving operations. The Mining areas stretch from Alexander Bay to Port Nolloth Reserve (concessions 1A - 4A). These concessions cover an area of approximately 75 Km along the rocky shoreline, where alluvial diamonds are mined by individual contractors. The core business of Alexkor / RMC JV is the mining of diamonds on land, along rivers, on beaches and in the sea along the northwest coast of South Africa. These activities are complemented by geology, exploration, ore reserve planning, rehabilitation and environmental management. Alexkor's distinctive competencies are its quality of diamonds and its unique land and marine resources. Over the life of the mine approximately 10,000,000 carats of gemstone quality diamonds have been recovered.

Historically marine exploration and mining activities over marine license areas 1A, 2A, 3A & 4A, has been focused over areas shallower than 12m (by divers) and deeper than 30m depths, by larger remote mining vessels. Alexkor RMC JV believes there is an opportunity for service providers to exploit the valuable diamond resources between 12m water depth inshore and the A concession western boundary, offshore, at approximately 30m water depth. This area has limited historical sampling and mining activity. Alexkor RMC JV has a number of contractors providing diver mining services in the area less than 12m water depth and along the demarcated beaches. Alexkor RMC JV has a service provider with an exclusive operating agreement to work in the 1B, 1C and 4B marine concessions. Alexkor RMC JV is looking to appoint contractors to provide remote mining operations (without being dependent on diving operations) in the areas between 12m and 30m water depths of the A concessions. Oct 2016

SCOPING REPORT Prepared for: MERIDIAM Sept 2016 This report describes the process, contents, and findings of the Scoping Report prepared for Meridiam (Pty) Ltd to ascertain the technical and economic viability of procuring and converting a "mid water" remotely operated mining vessel to explore and mine the identified diamond deposits in the Alexkor held leases in South African Sea Areas (SASA) 1A, 2A, 3A & 4A. The legal considerations to operate in the Alexkor held leases and operate under South African maritime and applicable mining legislation are also reviewed. PLACER RESOURCE MANAGEMENT (Pty) LTD. 33 Quarterdeck Road; Kalk Bay, South Africa. Request for Proposals Alexkor Management has indicated that they will publish a "Request for Proposals for the anticipated interest in exploiting the resources in the "A" concession mid waters.

The RFP will be placed in the weekend newspapers at the end of August 2016. The deadline for submissions will be 2 weeks later, mid-September. The Request for Proposals will require the applicants to state and describe its:

1. Business Plan;
2. Financial Capabilities & Structure;
3. Meridiam and Project Team Capability Statement, with CV's;
4. Technical Proposal, including operating parameters and project time line;

5. Meridiam Empowerment Structure.

Alexkor RMC PSJV management team will then compile a short list of the successful applicants by 30th September. The candidates will be asked to present their proposal to the Technical Committee on 17th October.

The findings will be presented to the Alexkor Board on 21st October. It is foreseen that the successful candidate(s) will then receive a formal letter, by not later than 31st October, which will enable Meridiam to engage with Alexkor and negotiate the final terms for a contract. This negotiations should be concluded between 1 - 10th November.

Required Agreements

The various agreements as depicted in Figure 51, will be required to be concluded, namely;

- Charter Party Agreement between the vessel owner and Meridiam;
- Mining Access/Operator Agreement between Meridiam and Alexkor;

From: Henk Smith

Sent: 21 April 2018 08:11 AM

To: 'rrcloete24@gmail.com' <rrcloete24@gmail.com>; 'timoswartbooi@gmail.com' <timoswartbooi@gmail.com>

Cc: 'David Pells' <ocsalvage@gmail.com>

Subject: RE: vast heavy minerals

Vast Mineral Sands word beheer deur 'n Australiese maatskappy Oakdale

From: Henk Smith

Sent: 21 April 2018 06:56 AM

To: rrcloete24@gmail.com; timoswartbooi@gmail.com

Cc: David Pells <ocsalvage@gmail.com>

Subject: vast heavy minerals

Beste Ralph, Timo en Gert

Dit lyk my ek het Gert se epos verkeerd aangeteken. Stuur asb vir my die regte adres

Eioperations2015@....com

2 het julle geweet van Vast se aansoek? Let asb op die aangehegte advertensie wat destyds uitgekome het.

Beste wense Henk

WASTE MANAGEMENT LICENSE FOR VAST MINERAL SANDS (PTY) LTD – PROPOSED REPROCESSING OF EXISTING TAILING DUMPS AND SLIMES DAMS OVER REMAINDER FARM 1, ALEXANDER BAY (ALEXKOR MINE AREA) NAMAQUALAND RE NCS 30/5/1/3/2/ (10646) MEM

INVITATION TO COMMENT ON BASIC ASSESSMENT AND ENVIRONMENTAL MANAGEMENT PROGRAMME

Vast Mineral Sands (Pty) Ltd is proposing to implement a diamond and heavy mineral recovery operation at the existing Alexkor Mine in Alexander Bay. This will entail reprocessing of the old tailings dumps and slimes dams known as Noordsif Area; Rietfontein North and South Area; Kaap Voltas Area; and Giftkop Area.

Application area: Remainder of Farm 1, Alexander Bay (Alexkor Mine area) within the Richtersveld Local Municipality.

Before Vast Minerals may proceed with the proposed project, the following environmental authorisation applications need to be undertaken:

- Waste Licence in terms of the National Environmental Management Waste Act, (Act No. 59 of 2008, NEM:WA), for submission to the DMR.

Vast Minerals has appointed Braaf Environmental Practitioners as the independent Environmental Assessment Practitioner to undertake the environmental authorisation process for the proposed project.

Interested and affected parties are invited to comment on the BAR/EMP that will be available for public comment for a period of 30 days from 26 January to 27 February 2018 at the Port Nolloth library and at the first public security entrance office in Alexander Bay. The BAR/EMP and comment sheet will be available on the Braaf website: www.braafsa.com (Documents for Comment – Vast Mineral Sands), as of 25 January 2018. However, as there has been a delay in the report availability we have extended the comment deadline to 9 March 2018. We invite you, to submit comments on the BAR to the undersigned at the contact particulars below by no later than 9 March 2018.

To register or submit comments, I&APs should refer to the DMR reference number above, and provide their name, address & contact details (indicating your preferred method of notification) and an indication of any direct business, financial, personal, or other interest which they have in the application. I&APs who cannot write or read or who otherwise require special assistance to relay their views on the proposal can contact Olivia Braaf on the telephone number below to assist them to record their comments or objections.

Due date for comments on the BAR/EMP is: 9 March 2018

To obtain more information on the project please contact: Olivia Braaf

Braaf Environmental Practitioners, P O Box 692, Kuils River, 7579

Tel: 0860 111 382, Fax: 086 658 7676, e-mail: info@braafsa.com

HENK SMITH
ATTORNEY
BA LLB (Stell) LLM (Warwick)
+27 (0)83 266 1770
henksmith1@outlook.com



Henk Smith
AND ASSOCIATES

48 Constantia Rd
Gordons
Cape Town
+27 (0)21 423 8541

Practice no: 7908 Cape Law Society
Member: Alliance for Law in Development

Annexure "PHB 43"

Firm Behind R500m De Roodepoort Coal Project Was Gupta Linked

Corrado Toscani [November 01, 2016](#)

[Email This](#)[Blog This!](#)[Share to Twitter](#)[Share to Facebook](#)[Share to Pinterest](#)

Firm behind R500m De Roodepoort coal project was Gupta linked

THE company that said it planned to build a R500m, 1.44 million tonnes a year (mtpa) coal mine in South Africa's Mpumalanga province - Centaur Holdings - is owned by the Gupta family, according to the Public Protector's report into state capture.

The report, which was cleared for publication by South Africa's courts yesterday, details the business relationship between the Gupta family and South African president, Jacob Zuma, Eskom and other state-owned companies. In many cases, the report alleges instances of malfeasance.

Centaur Holdings plans to build a mine on the De Roodepoort property which would supply run-of-mine tonnages of some 40,000 tonnes per month, possibly to Eskom, according to Wesley Grogor, group head of mining operations for Centaur. He added there was over 100mt of coal available in the De Roodepoort property of Eskom and export coal.

Centaur Holdings is based in Dubai in the United Arab Emirates (UAE) and has Daniel McGowan as its CEO. The company said on its website that it has interest in developing coal properties in South Africa.

The firm's key shareholders are Aakash Garg Jahajgarhia, who is married to the daughter of Anil Gupta, one of the Gupta brothers, according to the state capture report. Other shareholders include Simon Hoy, McGowan and David Silver.

The reason for Centaur Holdings' mention in the state capture report is that the company signed a \$100m (R1.4bn) revolving credit facility with an anonymous UAE-based family to expand its natural resources projects in South Africa.

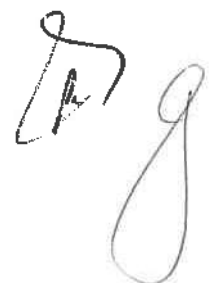


Centaur is also one of the entities that contributed towards the R2.15bn purchase price of Optimum Coal Holdings by Tegeta Exploration & Resources, a subsidiary of Gupta company, Oakbay Investments.

"This is a key project for Centaur and demonstrates ambition and increasing size and scale of assets we are managing and attracting," said McGowan of De Roodepoort in a company statement earlier this year.

The new order mining right for the property had been awarded for the properties by the Department of Mineral Resources, the company said.

It was now in the process of applying for environmental permits including an integrated water use licence (IWUL), a critical regulatory requirement ahead of mine development in South Africa.

Handwritten signature or initials in black ink, consisting of a stylized 'P' and a long vertical stroke.

Annexure "PHB 44"



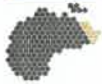
PHB 44

Gupta Family

The Inconvenient Truth

Two handwritten signatures in black ink are located at the bottom of the page. The first signature is a stylized, cursive name, and the second is a more fluid, looped signature.





OAKBAY
INVESTMENTS (PTY) LTD.

The HISTORY

- 1993 was an intense period for South Africa. With the first democratic elections upon us, there was fear in many quarters of the country going up in flames
- This was the time Atul Gupta arrived in SA, understood the vision of the ANC and committed himself to contributing to the delivery of that vision.
- Since early 2000 Atul has been an active member of his local branch ANC to put his shoulder to the wheel. Today, the family still aligns itself with the ruling party
- By 2000, the entire Gupta family had relocated, taken on citizenship and committed themselves to building a new South Africa in which all would prosper
- 23 years later they have diversified into several areas of our economy which have until now been the bastion of the pre-1994 brigade.
- From humble beginnings in a garage in Bedfordview, the business interests now span several sectors.
- Today the group employs upward of 5000 staff, over 90 percent are Africans
- All profits generated in South Africa have been reinvested in South Africa





Our sectoral presence

Mining

- Oakbay Resources and Energy
- Shiva Uranium
- Black Edge
- Westdown (JIC)
- Tegeta Exploration and Resources

Engineering

VR Laser

Media

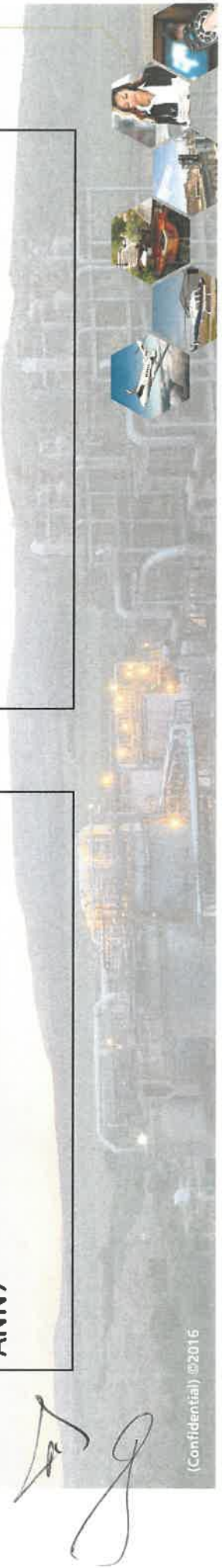
The New Age
ANN7

ICT

- Sahara Computers
- Sahara Systems
- Sahara Consumables
- Annex Distribution

Investments/Property

- Islandsite Investment
- Confident Concepts





OAKBAY
INVESTMENTS (PTY) LTD.

UNSPOKEN

Facts

GROUND

REALITY

- ✓ Over 10 yrs Applied for 100 different Mining Licenses – None Successful
- ✓ No South African Banks Supports
- ✓ ABSA closed our 14 group company bank accounts – Reason given Banks Discretion
- ✓ Approached to buy Arcelor Mittal – Declined
- ✓ Approached IDC to buy ISCOR Metals – Declined
- ✓ Approached to buy MAX Steel – Declined
- ✓ Approached to buy Nedbank – Declined
- ✓ Approached to buy U Bank – Declined
- ✓ Approached to buy Wescoal – Declined
- ✓ Approached to buy Universal - Declined
- ✓ People like Einok & SACP asking not to deal with the us
- ✓ EFF Threatens our companies and 4500+ Employees Families

One Single Reason – We and our Media business is Pro Government & We support ANC & South Africa



OAKBAY
INVESTMENTS (PTY) LTD.

OUR GUIDING ETHOS

- Started as family business, and major development took place under that regime
- In 2013 started the process of corporatizing
- KPMG has been our auditors for 15 years
- Each business unit run by professional CEO, reporting to Group Exco
- Key principles: Good corporate governance, transparency, arm's length transactions





How the **Business** developed

- Started in 1994 as Correct Marketing, operated out of Bedfordview. Grew into Sahara Computers.
- Changed the profit model in SA from High margin, **Low Volume to Low Margin, High Volume.**
- Bought over Arrow Altech IT business (Bill Venter) to become SA's major distributor of Intel Chips. Board decision in 2005 was to stop government business. Saw its turnover drop by over 50%.
- This was lifted in 2013. Due to pressure for the CEO and Group Exco
- Recently launched Sahara Systems as software integration specialists, competes with EOH and others specialists.
- Developed E Commerce model which is slowly rebuilding his business.
- **Today Employs 164 People**
- Bought this business in 2007.
- Key business was to provide mining services to major mining houses. It was a loss-maker with an uncertain future. Today, one of the most profitable units within the group.
- **It has no government business.**
- Following this successful turnaround, we felt comfortable enough to consider mine ownership as the next step of group evolution.
- **Today Employs 2700 People**

Sahara

JIC



How the **Business** developed

- Bought in 2010 from Canadian firm Uranium One.
- Mine was in care and maintenance, **employing 90 people. Today, it employs 648 locals** as the first phase of development
- Myth is that sets us up for SA's nuclear build. It is our view that life of mine will be over before SA build is completed. Uranium controlled by International body similar to Gold
- Why we will sell SA and not international when same profit
- **No profit in last 5 years, Requires investment**
- **Rights purchased commercially, not from DMR.**
- Accidental entrance into coal mining through Tegeta.
- Dying coal business with our entry seems to have become the new gold with flurry of activity and media attention.
- **Following delays of more than a 5 years, obtained water licence at the end of 2014.**

Shiva Uranium

Tegeta Exploration & Resources

- First production in March, and first contract with Eskom.
- Around 1% of Eskom's total requirement. As with Shiva, rights commercially obtained, not from government.
- **Today employs 52 people**



How the **Business** developed

- Launch of The New Age in December 2010, **aim to publish an alternative narrative highlighted the success and progress of our country.**
- Resulted in the first barrage of attacks against the family.
- Launched preceded by full consultations with all progressive stakeholders to procure support, both through advertising etc and others as we foresaw vicious backlash from status quo.
- **Limited support from government, current at 4% of national government advertising spend.**
- Has major major contribution, we believe, to media diversity and even keeping media voices at doom closer to the truth.
- **Today Employs 345 People**
- Launched in August 2014, on the limited success we achieved with The New Age.
- Has no real advertising support from government. Percentage is under 0,5%
- **Today employs 373 people**

**The New
Age**

ANN7



OAKBAY
INVESTMENTS (PTY) LTD.

Another sectoral intervention

- Much has been written about Denel Asia and involvement of the Guptas
- Oakbay, or the family, have no shareholding. Major shareholder in SA VR Laser is in VR Laser Asia.
- From what we understand, we support the new venture as it provides Denel with much needed capital and access to a new market
- Denel is free to outsource work it cannot do to the best local operator, hopefully in some cases it will be VR Laser SA on the basis of transparent, arm's length decision-making

(Confidential) ©2016





OAKBAY
INVESTMENTS (PTY) LTD.

The Accusations and the TRUTH

- As the global economic slowdown began to bite, the family became the scapegoat for every calamity and misfortune that South Africa has faced
- Feels to us who ever will come close to ANC will become a target in the war against progressive forces
- And, our entry into areas which up until now have been controlled by the same players as pre-1994 has raised ire, especially as it has made cosy, comfortable deals public
- We have been quiet until now but given the recent xenophobic and hate speech directed towards us...now is the time to set the record straight
- Concerned about increasing criticism coming from within progressive forces, not even allowing us an opportunity to defend ourselves. Given our history, we do not believe it unreasonable to ask for chance to present our case





The Accusations and the TRUTH

<p>➤ Friends with the president</p>	<p>✓ Like many other South African businesses we have a interaction with the Government. Our interaction with the current President began in the reign of 2000, which was long before he became President. In fact, friendship with previous president was as strong. Member of advisory committee, IMC, attended more SONA's than currently</p>
<p>➤ Responsible for the colonisation of the country</p>	<p>✓ This is a ridiculous suggestion. However, we have created over 4500 jobs for South Africans and have contributed R276m in corporate taxes for 2015 which benefits the people of South Africa. Is this colonisation?</p>
<p>➤ Gupta firms benefit from government business</p>	<p>✓ It is absurd to suggest that we benefit from government business when only less than 1% of the Group's business is with the South African government. Same frustrations as others. Seven years for DMR appeal, over 5 yrs for water licence</p>





The Accusations and the TRUTH

<p>➤ Robbing the country</p>	<ul style="list-style-type: none"> ✓ We have invested [R10+bn] in the country, we have created [4500+] jobs and paid [276 Mil] in corporate taxes last year. All these numbers have been verified by our Auditors, one of the world's most respected accountancy firms, which has audited the Group's financials for over a decade. ✓ We issue an invitation to our critics to review the Group's numbers. Our financials are 100% transparent. Is this robbery?
<p>➤ Influential Guptas got billions of Rands coal supply contract from Eskom</p>	<ul style="list-style-type: none"> ✓ Tegeta supplies 1.3% of the total supply of coal to Eskom. More than 80% of the supply contracts are with the Big 5. Our total billings to Eskom to date is under R400m. Eskom annual payments for coal runs into 50 Billion





The Accusations and the TRUTH

<p>➤ Guptas twist Glencore's arm to buy Optimum mine</p>	<ul style="list-style-type: none"> ✓ Optimum was under Business Rescue and Tegeta is in the process of buying it for R2.15bn, the highest bidder as per business rescue practitioners...which can save [3,000] jobs in the process. ✓ In contrast, more than 10,000 jobs have been cut in the [South African] mining sector since 2015 by the top three mining companies. ✓ Reality is, we met Glencore's price demand of R2,150b. ✓ Deal happened only after we met NUM, Eskom & DMR and all were happy
<p>➤ Guptas control DMR</p>	<ul style="list-style-type: none"> ✓ We have applied for 300 mining licences from DMR over several years, and received 0





OAKBAY
INVESTMENTS (PTY) LTD.



Deal Facts

- M&A Team worked on three deals - Optimum, Wescoal and Universal
- **Lost bids for Wescoal and Universal. So much for all-powerful!**
- Glencore talks started June. BRP's walked away twice, saying had better offer, then asked us to resume talks
- All negotiations happened in SA, over several months. BRP's: Most credible offer
- Alternative was liquidation: Power challenge, 3000 jobs lost
- Eskom contract being taken over on same terms and conditions
 - * Price, Penalty, Duration
- **If transaction closes, Tegeta will supply around 6% of Eskom's coal supply**
- Tegeta is black-owned. Gupta's are minority shareholder
- This is bring an asset home from foreign ownership
- Tegeta has short-term contract to supply Arnot – At half the price of Exxarro, and only 15% of the Volume





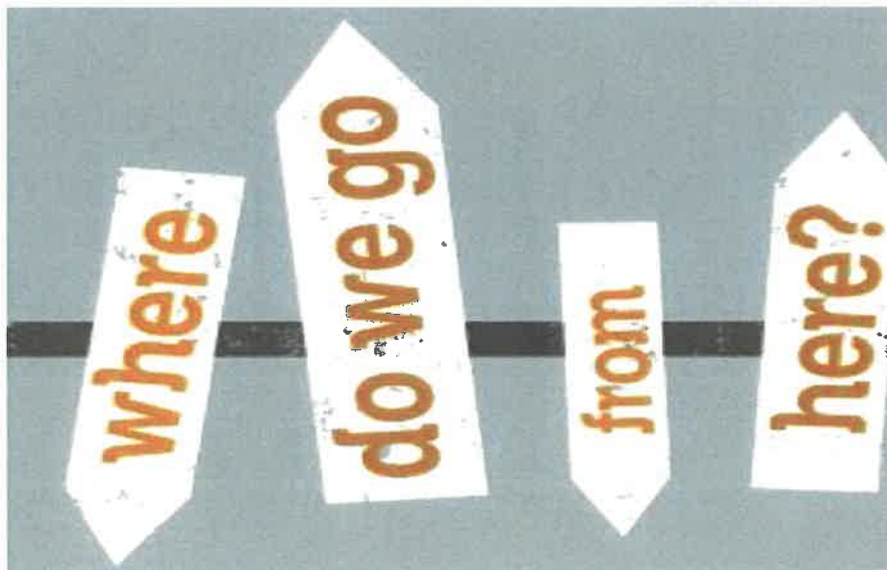
OAKBAY
INVESTMENTS (PTY) LTD.



Deal Facts

- The Gupta family or any of its businesses do not have any shareholding in Denel Asia
- One of shareholders in VR Laser SA is equity partner
- VR Laser South Africa will be local manufacturing partner if Denel believes they are most qualified
- We believe good deal for SA, as will provide seed capital for Denel to expand in market where not presence. Naturally, we will benefit if work comes to VR Laser SA





- ✓ Question: What new local brands have survived except top 3-4 since '94?
- ✓ Oakbay and its subsidiaries will continue to do full value deals. Create 50 000 new jobs in next decade. Optimum is first 3 000
- ✓ Will have to focus on M&A to achieve jobs goal
- ✓ Sectors we hope to target: Mining, Financial Services. This will bring more criticism
- ✓ Will always operate on basis of being good corporate citizens – more importantly acting in best interest of the progressive forces
- ✓ Hope our piercing the cordon, opens the way for many more black-owned entities.





OAKBAY
INVESTMENTS (PTY) LTD.

In

SUMMARY

- We are proudly South African, we remain deeply committed to our country and South Africa will remain our home
- We will continue to invest in South Africa, promote South Africa, create jobs for South Africans and pay taxes that will benefit all South Africans
- We will continue to be 100% transparent in our dealings with any party, including government and ensure that these transactions continue to be at arm's length.





danke 謝謝
 спасибо
 danku
 dankie
 hvala
 dziękuję
 obrigado
 bedankt
 dank je
 go raibh maith agat
 moichackeram
 takk
 arigato
 dakujem
 merci
 merçi
 merci
 thank you
 ngiyabonga
 tesekkür ederim
 gracias
 go raibh maith agat
 moichackeram
 takk
 arigato
 dakujem
 merci
 merçi
 merci



Annexure "PHB 45"

To: Tony Gupta[tony@sahara.co.za]
From: Ravindra Nath
Sent: Thur 8/28/2014 5:43:25 PM (UTC)
Subject: Information required


PHB 45

Dear Tony ji,

We need following information:

- a. CPR of Mining right (Nungu);
- b. Is there any other mining right?
- c. Mining works programme for Mining Right;
- d. Copy of all the 7 prospecting rights.
- e. CPR or geological report of the prospecting right;
- f. Mining status at MR site;
- g. Approval of wash-plant;
- h. Any contract with other coal mines for washing of their coal;
- i. Coal supply agreement with Eskom?
- j. Off-take agreement of coal with any other party.
- k. Latest financials of the Company.

Regards,
R. Nath



Annexure "PHB 46"

PHB 46



2nd floor, Hillside House
17 Empire Road,
Parktown
Johannesburg
2193
Tel (International): +27 (10) 214-0651
Tel (Tollfree): 0800 222 097
Email: inquiries@sastatecapture.org.za
Web: www.sastatecapture.org.za

**JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE,
CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE**

29 June 2020

Tracking number: RPS18/0213/PB

To: The Chief Executive Officer
Alexkor SOC Ltd
Head Office
Office Block 15
The Woodlands Office Park
20 Woodlands Drive
Woodmead
Johannesburg
2191
South Africa

Email: The Chief Executive Officer: Lemogangp@alexkor.co.za
Cosec@alexkor.co.za

Contact No: 011 253-9562

Dear Mr L Pitsoe

**Re: REQUEST FOR INFORMATION REQUIRED FOR PURPOSES OF THE
JUDICIAL COMMISSION OF INQUIRY INTO STATE CAPTURE, CORRUPTION
AND FRAUD**

1. Our investigation in respect of the above Commission refers.
2. The Commission's investigations into allegations of state of capture, corruption and fraud involving several public entities and other organs of State pursuant to the Commission's Terms of Reference remains ongoing.

A handwritten signature in black ink, followed by the number "1".

3. It has come to the attention of the Commission that additional information and/or evidence that is relevant to the Commission's investigation into state capture, corruption and fraud is in the possession and/or under the control of the office of the Alexkor SOC Ltd ("**Alexkor**"), South Africa.
4. This information/evidence is listed in Annexure "A" ("**the Information**").
5. The Commission urgently requires access to the Information in electronic format by Monday 13 July 2020.
6. In order for the Commission to discharge its mandate without any limitations, it is hereby placed on record that none of the reports, supporting information or evidence in the possession of the Alexkor, South Africa, be withheld, tampered with or destroyed prior to handover to the Commission.
7. It is understood that some of the information may be confidential. To this end, the Commission assures you that it will protect its confidentiality during the process of conducting its investigations.
8. Should you require any further information in the above regard, please direct the same to:

Mr Peter Bishop
Cell phone: 0713204153
Email: peterb@commissionsc.org.za

Yours sincerely



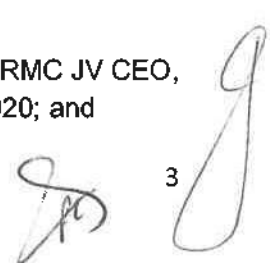
.....
Ms Brigitte Shabalala
ACTING SECRETARY

Judicial Commission of Inquiry into Allegations of State Capture, Corruption, and Fraud in the Public Sector including Organs of State.



ANNEXURE "A"**1. The following information is urgently requested:**

- 1.1 Signed Request for Proposal ("RFP")- RFP Consultancy Agreement entered into between Alexkor SOC Limited ("the Company") Registration no. 1992/006368/30 and Regiments Capital (Pty) Limited ("the Consultant") Registration no. 2004/023761/07, which commenced on 13 January 2014 and concludes on 31 March 2014;
- 1.2 Any and all extensions of the consultancy agreement as indicated in sub-paragraph 1.1;
- 1.3 Any and all details of all work performed by Regiments Capital (Pty) Ltd, pursuant to the said agreement;
- 1.4 Details of all the Consultants appointed by Regiments Capital (Pty) Ltd, to perform work in terms of the Consultancy Agreement;
- 1.5 Any and all information of the Proposal for Appointment to the Financial Services Panel of Alexkor of REGIMENTS CAPITAL Pty Ltd: Reg No (2004/023761/07): Contract number: 2014/01/06/Financial Services Panel;
- 1.6 Any and all details of all the successful bidders that were appointed to the Financial services panel;
- 1.7 Any and all information related to the request by Alexkor to Regiments Capital (Pty) Ltd, to assist with the drafting of the RFP for appointment to the panel of financial services providers for Alexkor and related evaluation sheet and sample advert doc;
- 1.8 The MASTER COAL SUPPLY AGREEMENT in respect of coal from various coal and lime resources entered into by and between Eskom Holdings SOC Limited registration number 2002/015527/06, with its registered office at Megawatt Park, Maxwell Drive, Sunninghill ("Eskom") and Alexkor, registration number 1992/006368/30;
- 1.9 Details of the commencement date of the said agreement;
- 1.10 Any and all information relating to the coal and lime resources Alexkor would source and/or had sourced for the supply of the said coal and lime to Eskom;
- 1.11 Any and all information in relation to the volumes/quantities of coal and lime that were provided to Eskom;
- 1.12 Provide any and all information of the role that Regiments Capital (PTY) Ltd and/or its consultants played in the Alexkor strategy to supply coal and lime to Eskom;
- 1.13 Any and all information of Service providers Alexkor used or planned to use for the transportation of coal and lime to Eskom
- 1.14 Letter of suspension and disciplinary charges related to the Alexkor RMC JV CEO, Mr Mervyn Carstens that was sent to him on or about 31 January 2020; and

Handwritten signature and the number 3.

- 1.15 A copy of the detailed memorandum the former CEO of Alexkor, Mr Percy Khoza delivered to former Minister Brown's advisor, Ms Annelize van Wyk prior to his departure from Alexkor about the appointment of Scarlet Sky Investment 60 (Pty) Ltd.

Two handwritten signatures in black ink. The signature on the left is more complex and stylized, while the one on the right is simpler and more fluid.

Annexure "PHB 47"



26 April 2018

Honourable Minister Pravin Gordhan, MP
 The Department of Public Enterprises
 1090 Arcadia Street
 Info Tech Building
 Hatfield
 By Email

Dear Honourable Minister

PFMA SECTION 54(2)(b) NOTIFICATION ON THE PROPOSED ESTABLISHMENT OF ALEXCOAL and FEEDBACK ON ALEXKORS 2017/18 THIRD QUARTER REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

We refer to the Honourable Minister's above letters dated 18 April 2018, the contents of which have been noted.

In response to the decision by the Minister to place a moratorium on the acquisition plans of SOCs, the Board of Alexkor will accordingly take no further action on our coal project until instructed to do so. We wish to reply to two statements contained in the Minister's letter:

- **Independent Valuation:** Alexkor did indeed contract an independent technical and financial due diligence of our coal project. The study was undertaken by RSV ENCO Consulting and Mamadi & Company, who made the following recommendation in their 98-page report: "This opportunity is seen as an excellent vehicle through which Alexkor can enter the coal market at minimum capital investment and low post investment mitigation risk,,,,, There is minimal technical risk and the financial model output is robust".
- **Due Diligence of Natural Persons behind the shareholding of IPC:** A due diligence was undertaken of all the shareholders behind IPC.

Details of the independent valuation of the coal project and the due diligence of the IPC shareholders were provided as attachments to the letter which was e-mailed to Minister Brown on 30 October 2017. It appears that critical information regarding Alexkor and its operations are not being brought to your attention by the persons within the DPE who

Page 1 of 2



are responsible for Alexkor. We would welcome any interaction with the Minister where we might be able to correct these omissions.

Finally, the moratorium does have negative consequences upon Alexkor. The External Auditors have expressed an opinion that Alexkor is not a going concern if its only revenue generating activity is the Alexander Bay diamond operations, due to the implications of the Deed of Settlement.

The timing of the moratorium is unfortunate as Alexkor is in the process of the 31 March 2018 year-end audit and we need to make a detailed assessment of the impact of the moratorium on the following:

1. The budget for the 2018/19 financial year, and any revision that will require Alexkor to present a revised budget to the Minister for consideration.
2. The performance objectives for the 2018/19 financial year, and any amendments that will require the Minister's approval.
3. The shareholder's compact, and any amendments that will require the Minister's approval.
4. The potential risk of the annual financial statements being qualified as Alexkor will not be considered a going concern.

Alexkor will only be in a position to provide the Minister with this detailed assessment after the board meeting scheduled for 22 May 2018 when the draft annual financial statements for the year ended 31 March 2018 will be presented to the Board for consideration.

In the circumstances, we would appreciate an opportunity to engage with the Minister in respect of the above predicament the Alexkor Board finds itself in.

Please confirm receipt.

Yours sincerely

MS HANTSI MATSEKE
ALEXKOR CHAIRPERSON

cc ministry.registry@dpe.gov.za

Page 2 of 2

Reg. No. 1992/008368/30 Incorporated by Act No 116 of 1992

Head Office The Woodlands Office Park, Office Block 15, 2nd Floor, 20 Woodlands Drive, Woodmead, Johannesburg, 2191

T +27 11 ALEXKOR (253 9587) F +2711788869 www.alexkor.co.za

Directors: HS Matseke (Chairperson) • LA Pitsoe (Chief Executive Officer) • A Chowan (Chief Financial Officer)
JS Danana • TM Haasbrook • M Lehobye • TJ Matona • ZZ Ntlangula Company Secretary: JR Matisonn

Annexure "PHB 48"

PHB 48



26 April 2018

Honourable Minister Pravin Gordhan, MP
 The Department of Public Enterprises
 1090 Arcadia Street
 Info Tech Building
 Hatfield
 By Email

Dear Honourable Minister

PFMA SECTION 54(2)(b) NOTIFICATION ON THE PROPOSED ESTABLISHMENT OF ALEXCOAL and FEEDBACK ON ALEXKORS 2017/18 THIRD QUARTER REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

We refer to the Honourable Minister's above letters dated 18 April 2018, the contents of which have been noted.

In response to the decision by the Minister to place a moratorium on the acquisition plans of SOCs, the Board of Alexkor will accordingly take no further action on our coal project until instructed to do so. We wish to reply to two statements contained in the Minister's letter:

- **Independent Valuation:** Alexkor did indeed contract an independent technical and financial due diligence of our coal project. The study was undertaken by RSV ENCO Consulting and Mamadi & Company, who made the following recommendation in their 98-page report: "This opportunity is seen as an excellent vehicle through which Alexkor can enter the coal market at minimum capital investment and low post investment mitigation risk,,,,, There is minimal technical risk and the financial model output is robust".
- **Due Diligence of Natural Persons behind the shareholding of IPC:** A due diligence was undertaken of all the shareholders behind IPC.

Details of the independent valuation of the coal project and the due diligence of the IPC shareholders were provided as attachments to the letter which was e-mailed to Minister Brown on 30 October 2017. It appears that critical information regarding Alexkor and its operations are not being brought to your attention by the persons within the DPE who

Page 1 of 2



are responsible for Alexkor. We would welcome any interaction with the Minister where we might be able to correct these omissions.

Finally, the moratorium does have negative consequences upon Alexkor. The External Auditors have expressed an opinion that Alexkor is not a going concern if its only revenue generating activity is the Alexander Bay diamond operations, due to the implications of the Deed of Settlement.

The timing of the moratorium is unfortunate as Alexkor is in the process of the 31 March 2018 year-end audit and we need to make a detailed assessment of the impact of the moratorium on the following:

1. The budget for the 2018/19 financial year, and any revision that will require Alexkor to present a revised budget to the Minister for consideration.
2. The performance objectives for the 2018/19 financial year, and any amendments that will require the Minister's approval.
3. The shareholder's compact, and any amendments that will require the Minister's approval.
4. The potential risk of the annual financial statements being qualified as Alexkor will not be considered a going concern.

Alexkor will only be in a position to provide the Minister with this detailed assessment after the board meeting scheduled for 22 May 2018 when the draft annual financial statements for the year ended 31 March 2018 will be presented to the Board for consideration.

In the circumstances, we would appreciate an opportunity to engage with the Minister in respect of the above predicament the Alexkor Board finds itself in.

Please confirm receipt.

Yours sincerely

MS HANTSI MATSEKE
ALEKKOR CHAIRPERSON

cc ministry_registry@dpe.gov.za

Page 2 of 2

Reg. No. 1992/006368/30 Incorporated by Act No 116 of 1992

Head Office The Woodlands Office Park, Office Block 15, 2nd Floor, 20 Woodlands Drive, Woodmead, Johannesburg, 2191

T +27 11 ALEKKOR (253 9587) F +27117888869 www.alexkor.co.za

Directors: HS Matseke (Chairperson) • LA Pitsoe (Chief Executive Officer) • A Chowan (Chief Financial Officer)
JS Danana • TM Haasbrook • M Lehobye • TJ Matona • ZZ Ntlangula Company Secretary: JR Matlisonn



ALEXKOR

ALEXKOR Due Diligence and Business Case Presentation

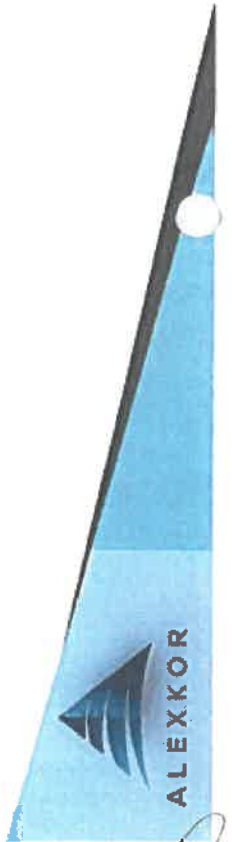
12 April 2018

A handwritten signature in black ink, located in the bottom right corner of the page. The signature is cursive and appears to be the initials 'FA' followed by a long, sweeping tail.

INDEX

- **INTRODUCTION**
- **TRANSACTION RATIONALE**
- **PROPOSED STRUCTURE**
- **BUSINESS CASE**
- **TECHNICAL**
- **MARKET**
- **PRODUCT EVACUATION**
- **FINANCIAL EVALUATION**
- **RISKS**
- **CONCLUSION & RECOMMENDATION**
- **THE WAY FORWARD**

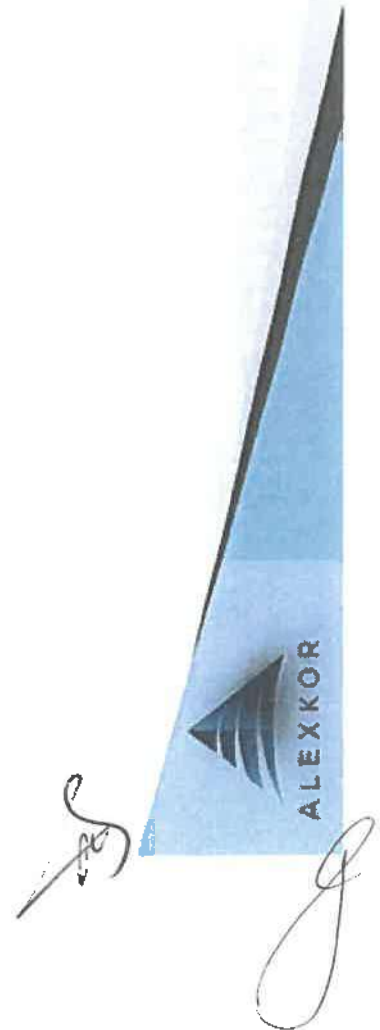
[Handwritten signature]



[Handwritten signature]

INTRODUCTION.....

- The current core business of ALEXKOR SOC Limited ("ALEXKOR") is mining of diamonds
- ALEXKOR's Board and management has been directed to look into other business opportunities to diversify and grow the business.
- This refocus has led to ALEXKOR's new coal sector strategy, which is largely driven by Eskom's looming critical shortfall in coal supply.
- ALEXKOR's goal is to adopt a two fold initiative to their coal strategy which entails primarily the partnership with emerging coal companies to facilitate the supply of feedstock to Eskom Power Stations and to promote a transition of the delivery of feedstock to Power Stations from road to rail logistics.
- ALEXKOR has identified a business opportunity to invest in a privately owned Company whose owners have experience in coal beneficiation and who are currently operating a coal beneficiation toll-washing facility in Middelburg which is in close proximity to a number of coal fired Power Stations.
- The Run Of Mine (ROM) processing capacity is 140,000 tons per month which can yield a product in excess of 100,000 tons per month.
- ALEXKOR has expressed an interest in taking up an equity stake in the company and has undertaken a due – diligence exercise on the opportunity and the outcome of this exercise has indicated that the opportunity is financially viable and the team went ahead to progress the business opportunity to the development of a Business Case.
- This presentation summarises the proposed Business Case for ALEXKOR to pursue thus opportunity.

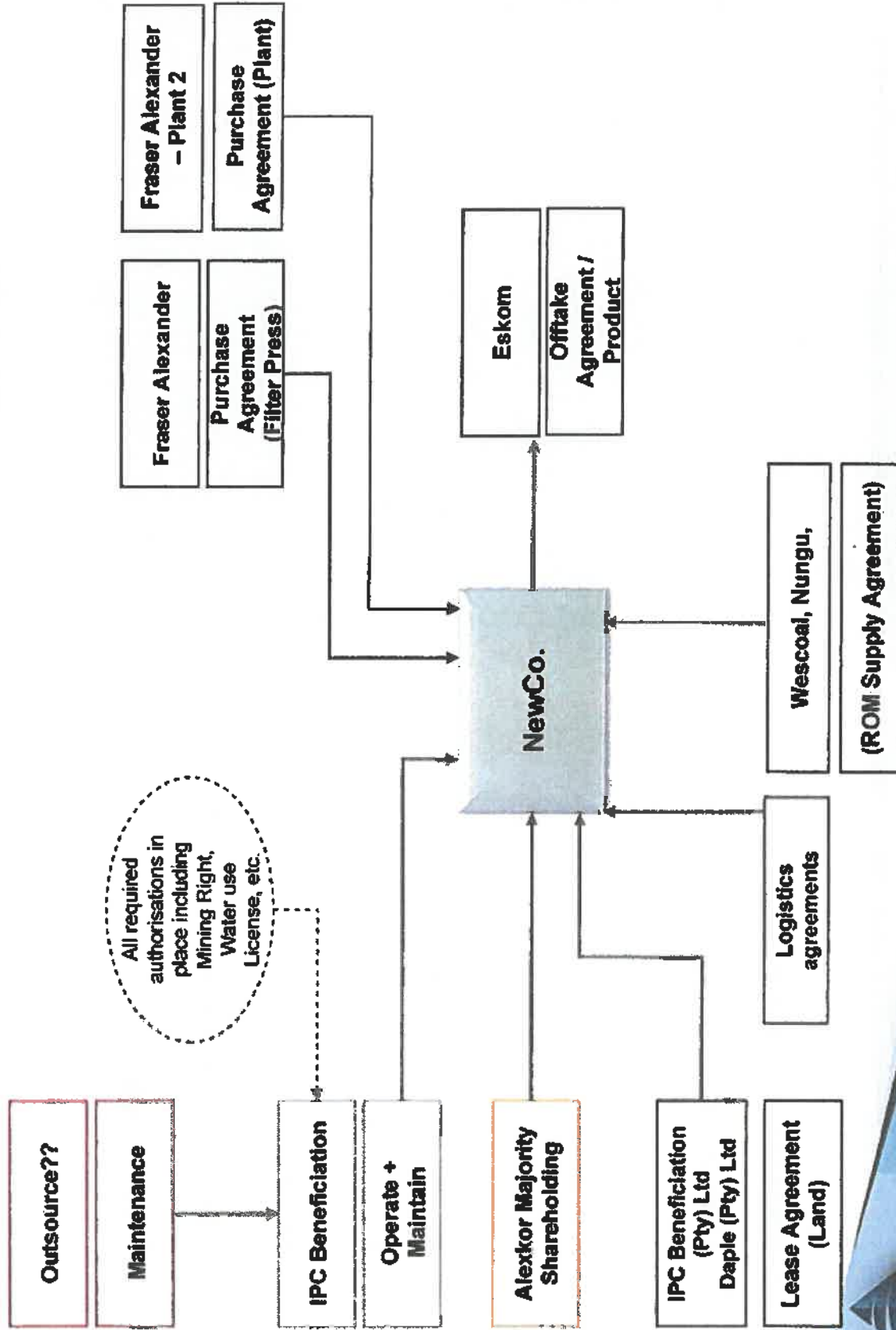


TRANSACTION RATIONALE

- **Investment Thesis:**
- Coal Beneficiation and Supply
 - This forms part of ALEXKOR's strategy going forward.
- **Access to Plant 2:**
 - A Fraser Alexander plant with capacity of 140, 000 tonnes per month is expected to be commissioned.
- **Opportunity to Supply Eskom:**
 - Through government to government relationship ALEXKOR seeks to supply Eskom with much needed coal feedstock.
 - Currently IPC has the required infrastructure to support this Alexkor Eskom coal supply initiative .
- Alexkor would take up a majority shareholding in a newly created company i.e. Newco (Day 1 zero value) which is a clean structure and Newco (ALEXCOAL PTY LTD) would invest in the acquisition of Plant 2.
- Opportunity to enter the coal sector in a cost effective manner relative to the purchase of a new plant.



PROPOSED STRUCTURE AND RELEVANT AGREEMENTS

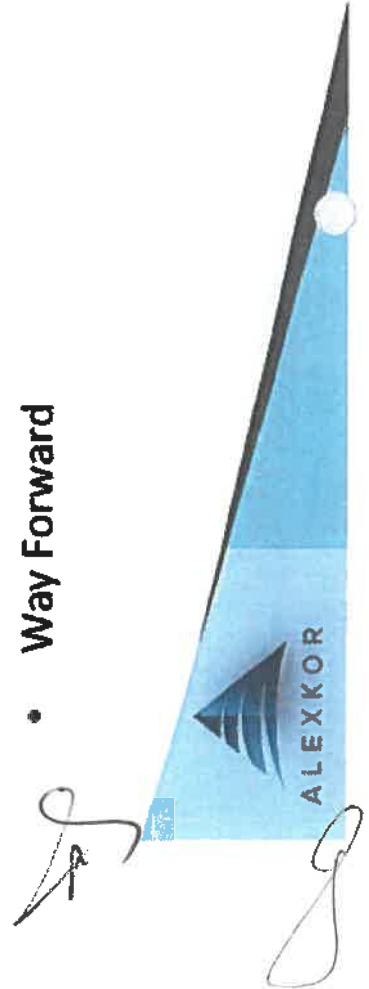


[Handwritten signature]

ALEXKOR

BUSINESS CASE

- **Technical Assessment**
 - Identification of sources of ROM Feedstock
 - Coal Processing
 - Product Evacuation
 - Markets
- **Financial Assessment**
- **Growth Opportunities**
- **Key Risks**
- **Recommendations**
- **Way Forward**



TECHNICAL

Plant 1 – Status : Operational



Plant 2 – Status : Near Completion



Handwritten signature



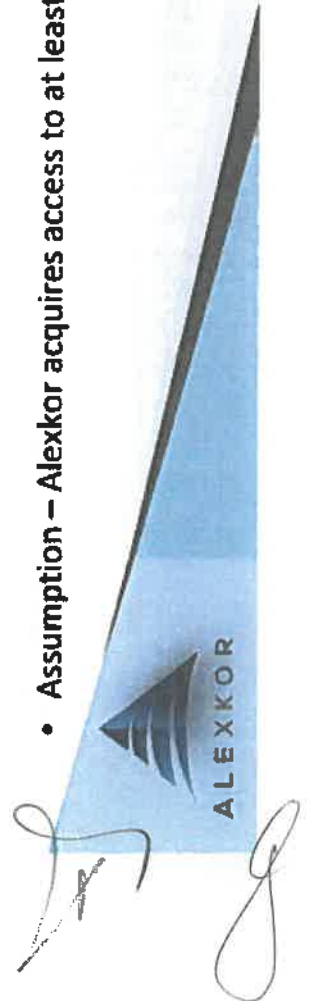
Handwritten signature

TECHNICAL – ROM RESERVES AND POTENTIAL LIFE

- **Potential Resources – Contiguous Reserve Blocks**
- Elandspruit CPR 2013
- MTIS of 30.2 Mt
- 75% in No 1 and 2L Seams – Currently Mined Seams
- Raw CV of 21.2 MJ/Kg – Aligns with washability data provided

Surrounding Areas	In Situ Resource	ROM	ROM - Excluding Tala
WesCoal UG	12.0 Mt	7.8 Mt	7.8 Mt
Nungu UG	6.3 Mt	4.095 Mt	4.095 Mt
WesCoal OC	26.0 Mt	23.4 Mt	23.4 Mt
Tala OC	2.3 Mt	2.07 Mt	
Total	46.6 Mt	37.4 Mt	35.3 Mt

- Access to Plant 2 – 140,000 tpm feed
- Potential Reserve Life of 21 years
- Assumption – Alexkor acquires access to at least 50% of reserves - 10 year life



TECHNICAL – COAL PROCESSING AND PRODUCTS

- **Coal Processing**
 - **Washability Curves indicate:**
 - Raw CV of 22.61 MJ/Kg
 - Practical wash density of 1.85
 - **Weighted practical yield of 76.95%**
 - **Product Qualities of:**
 - CV – 23.46 Mk/Kg
 - Ash – 24.56%
 - Volatiles – 21.69%
 - Sulphur – 0.4%
 - Abrasive Index - <400
- **Product Qualities meet all ESKOM Power Station specifications**
 - **Access to Plant 2 capacity of 140,000 tpm – Product yield of 1.3 Mtpa**

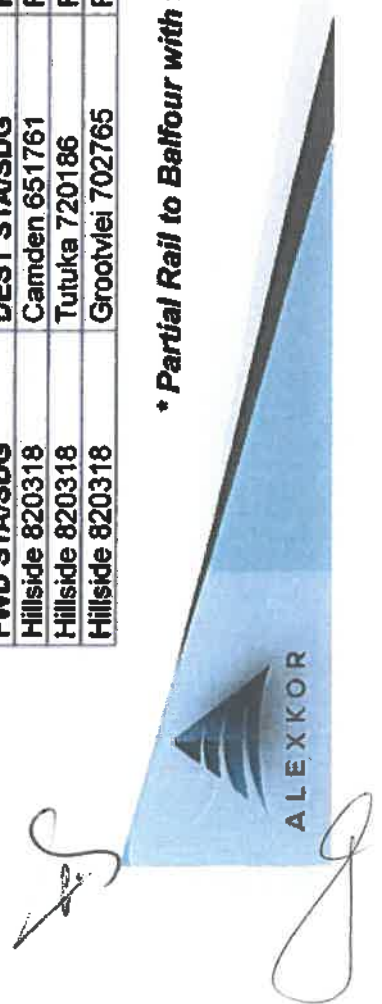


PRODUCT EVACUATION

- **Road or Rail Option**
 - Base Case – Road Option
 - Three Power Stations can only accept containerised shipments. Majuba can accommodate bulk-freight wagons
- **Short-Term Rail Constraints**
 - Hillside Siding in concept phase
 - Approval by Transnet and Rail Safety Regulator outstanding
 - Design and construction lead time of ± Two years
- **Cost Comparisons**

FWD STA/SDG	DEST STA/SDG	R/Tonne	R/Tonne by Road
Hillside 820318	Camden 651761	R 256.67	R178.20
Hillside 820318	Tutuka 720186	R 256.67	R174.15
Hillside 820318	Grootvlei 702765	R 153.96*	R234.90

* Partial Rail to Balfour with trans-shipment via road to Grootvlei



MARKET

- Estimated Eskom Price – R17.00/GJ circa R400/ton Gate Price
- Product Specification – Eskom requirements



FINANCIAL OPTIONS ANALYSIS

- **Base Case Options**
 - Option 1: Buy plant with 100% equity funding
 - Option 2: Buy plant with 50% equity funding
- **Plant Leased Options**
 - Option 3 : Lease with 100% equity funding
 - Option 4: Lease with 50% equity funding



OPTION 1: TECHNICAL INPUTS

Technical Inputs	
CPI	6.0%
Yield	76.95%
Buy Plant or Lease Plant	Buy Plant- Model adds R8 per ton if Leased
Cost of Plant - Capex	1.00
Eskom Product Price	R34,000,000.0
CV produced (AD)	R17.00
Feedstock (ROM) Cost- WesCoal UG	23.46
Feedstock (ROM) Cost - Nungu UG	R214.0
Feedstock (ROM) Cost - WesCoal OC	R214.0
Feedstock Cost Percentage changes	R232.6
Plant Operating costs (Washing costs ZAR/ton)	100.0%
Operate and Maintain Contract ZAR/ton	RS8.7
Other Plant Operating costs	Buy Plant- Model adds R8 per ton if Leased
	R26.7
	R32.0
Land Lease	1.00 Buy therefore Lease Land
Land return per annum	8%
Land lease rentals per annum	R800,000.0
Management Fee (IPC)	-
Total Funding required	R148,548,711.4
Capex	R34,000,000.0
Debt Funding	-
Equity Funding	R34,000,000.0
Working capital reqd for 3 months	R114,548,711.4
Working Capital Facility	-
Debt Funding	-
Equity Funding	R114,548,711.4
	0.0%
	100.0%
	0.0%
	100.0%




ALEXKOR

OPTION 1: FINANCIAL RESULTS AND SENSITIVITIES

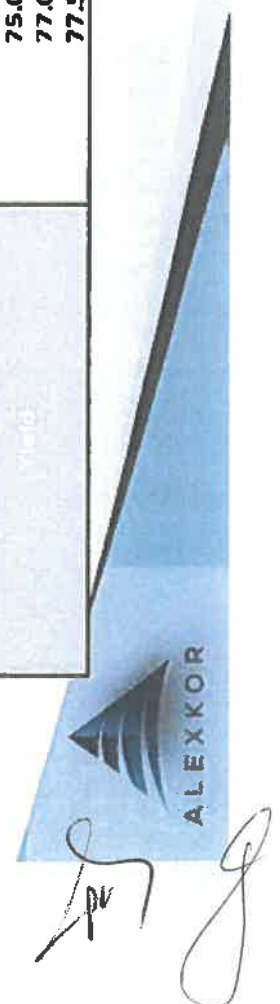
Eskom Price (R/GJ)	IRR	TMB	Pay Back Period	NPV
R15.5	0.5%	1.0x	10.8 Years	R48,351,808.9
R17.0	45.1%	3.9x	3.9 Years	R193,704,933.5
R18.0	73.5%	5.8x	3.0 Years	R284,424,606.4

Feedstock Cost Percentage changes	IRR	TMB	Pay Back Period	NPV
97.5%	54.8%	4.5x	3.5 Years	R222,141,318.1
100.0%	45.1%	3.9x	3.9 Years	R193,704,933.5
102.5%	35.8%	3.2x	4.3 Years	R165,193,599.6

Yield	IRR	TMB	Pay Back Period	NPV
75.0%	35.1%	3.2x	4.4 Years	R159,815,947.4
77.0%	45.1%	3.9x	3.9 Years	R193,704,933.5
80.0%	60.9%	4.9x	3.3 Years	R246,235,397.7

IRR	Eskom Price (R/GJ)			
	R16.0	R17.0	R18.0	
	97.5%	26.6%	54.8%	84.2%
Feedstock Cost Percentage changes	100.0%	17.0%	45.1%	73.5%
	102.5%	6.7%	35.8%	63.4%

IRR	Eskom Price (R/GJ)			
	R16.0	R17.0	R18.0	
	75.0%	6.1%	35.1%	62.3%
Yield	77.0%	17.0%	45.1%	73.5%
	77.5%	19.8%	47.9%	76.7%



OPTION 1: KEY OUTCOMES

- Strong and robust operating cash-flows
- Operating profit margin of 11%
- Average cash conversion of 37.4% through project life
- High operating leverage – marginal change in volumes has significant impact on operating profit
- IRR of 45.1%
- Returns sensitive to Eskom price = Breakeven price of R15.30/GJ
- Feedstock costs are 80% of total operating costs – returns sensitive to this cost



OPTION 2: FINANCIAL RESULTS AND SENSITIVITIES

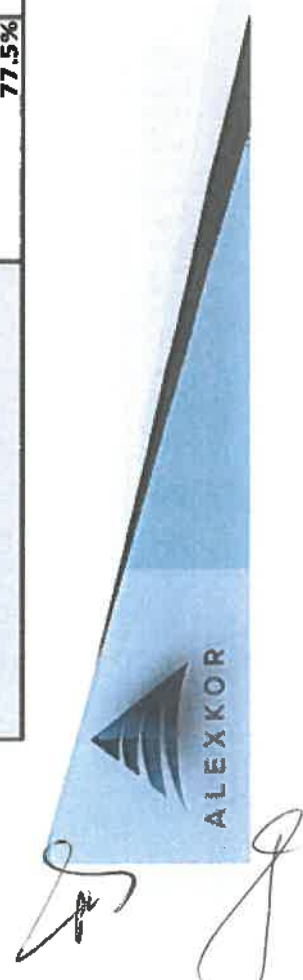
Eskom Price (R/G)	IRR	TMB	Pay Back Period	NPV
R15.5	0.0%	0.5x	14.6 Years	R65,294,174.4
R17.0	65.1%	6.5x	3.3 Years	R259,801,617.9
R18.0	127.9%	10.3x	2.4 Years	R381,418,057.2

Feedstock Cost Percentage changes	IRR	TMB	Pay Back Period	NPV
97.5%	84.8%	7.8x	2.8 Years	R297,673,126.4
100.0%	65.1%	6.5x	3.3 Years	R259,801,617.9
102.5%	48.1%	5.2x	3.9 Years	R221,773,382.5

Yield	IRR	TMB	Pay Back Period	NPV
75.0%	46.8%	5.1x	4.0 Years	R214,566,326.2
77.0%	65.1%	6.5x	3.3 Years	R259,801,617.9
80.0%	99.0%	8.6x	2.6 Years	R330,238,189.9

IRR	Eskom Price (R/G)		
		R16.0	R17.0
Feedstock Cost Percentage changes	97.5%	32.8%	84.8%
	100.0%	18.6%	65.1%
	102.5%	4.4%	48.1%
			R18.0
			154.0%
			127.9%
			104.7%

IRR	Eskom Price (R/G)		
		R16.0	R17.0
Yield	75.0%	3.4%	46.8%
	77.0%	18.6%	65.1%
	77.5%	22.6%	70.6%
			R18.0
			102.1%
			127.9%
			135.7%



OPTION 2: KEY OUTCOMES

- Strong and robust operating cash-flow
- NPV of over R259 million
- Average cash conversion of 28.0% through project life
- IRR of 65.1%
- Returns sensitive to Eskom price – breakeven of R15.50/GJ
- Feedstock costs are 80% of total operating costs – returns sensitive to this cost



OPTION 3: TECHNICAL INPUTS

Technical Inputs	
CPI	6.0%
Yield	76.95%
Buy Plant or Lease Plant	2.00
Cost of Plant - Capex	R34,000,000.0
Eskom Product Price	R17.00
CV produced (AD)	23.46
Feedstock (ROM) Cost- WesCoal UG	R214.0
Feedstock (ROM) Cost - Nungu UG	R214.0
Feedstock (ROM) Cost - WesCoal OC	R232.6
Feedstock Cost Percentage changes	100.0%
Plant Operating costs (Washing costs ZAR/ton)	R66.7
Operate and Maintain Contract ZAR/ton	R34.7
Other Plant Operating costs	R32.0
Land Lease	2.00
Land return per annum	8%
Land lease rentals per annum	-
Management Fee (IPC)	-
Total Funding required	R116,934,231.4
Capex	-
Debt Funding	-
Equity Funding	-
Working capital reqd for 3 months	R116,934,231.4
Working Capital Facility	-
Debt Funding	-
Equity Funding	R116,934,231.4

Lease Plant- Model adds R8 per ton if Leased

Lease Plant- Model adds R8 per ton if Leased

Lease plant therefore Don't pay lease for Land

0.0%
100.0%

0.0%
0.0%

0.0%
100.0%

0.0%
100.0%



OPTIONS 3: FINANCIAL RESULTS AND SENSITIVITIES

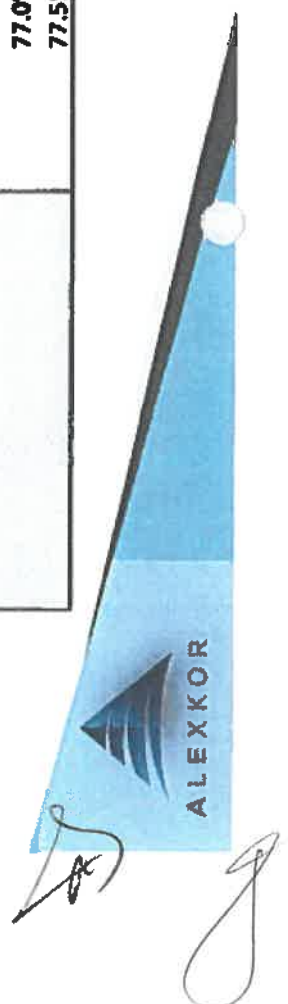
Eskom Price (R/Gj)	IRR	TMB	Pay Back Period	NPV
R15.5	-20.4%	0.3x	32.8 Years	R9,584,337.2
R17.0	57.7%	4.1x	2.6 Years	R162,059,786.6
R18.0	122.8%	6.5x	1.8 Years	R253,238,757.9

Feedstock Cost Percentage changes	IRR	TMB	Pay Back Period	NPV
97.5%	77.0%	4.9x	2.2 Years	R190,571,120.4
100.0%	57.7%	4.1x	2.6 Years	R162,059,786.6
102.5%	41.7%	3.3x	3.2 Years	R133,352,394.0

Yield	IRR	TMB	Pay Back Period	NPV
75.0%	41.1%	3.2x	3.2 Years	R128,729,089.4
77.0%	57.7%	4.1x	2.6 Years	R162,059,786.6
80.0%	100.4%	5.4x	2.0 Years	R213,836,154.1

		R16.0	R17.0	R18.0
	97.5%	27.3%	77.0%	159.5%
	100.0%	13.0%	57.7%	122.8%
	102.5%	-2.7%	41.7%	95.7%

IRR	TMB	Pay Back Period	NPV
75.0%	R16.0	R17.0	R18.0
77.0%	-3.7%	41.1%	94.7%
77.5%	13.0%	57.7%	122.8%
	17.1%	62.7%	132.0%



OPTION 3: KEY OUTCOMES

- Strong and robust operating cash-flow
- Operating profit margin reduces to 9.3% due to increase in operating cost as a result of a capital charge / rent fee
- IRR of 57.7%
- Returns sensitive to Eskom price – breakeven of R15.72/GJ
- Feedstock costs are 80% of total operating costs – returns sensitive to this cost



OPTIONS 4: FINANCIAL RESULTS AND SENSITIVITIES

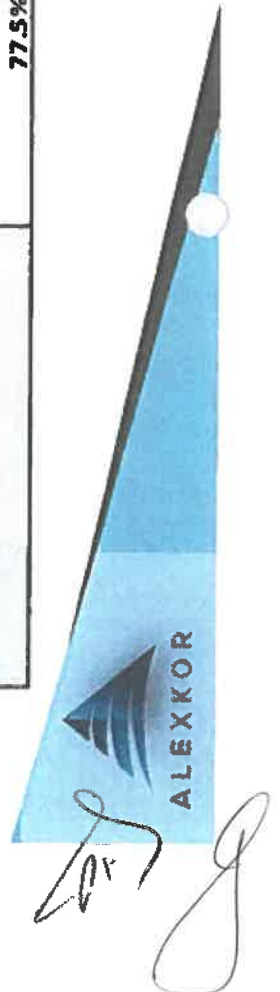
Eskom Price (R/Gj)	IRR	TMB	Pay Back Period	NPV
R15.8	-0.7%	0.9x	11.2 Years	R62,644,427.4
R17.0	91.3%	6.9x	2.1 Years	R216,086,152.1
R18.0	420.6%	11.7x	1.2 Years	R337,601,403.7

Feedstock Cost Percentage changes	IRR	TMB	Pay Back Period	NPV
97.5%	147.2%	8.6x	1.6 Years	R253,817,639.7
100.0%	91.3%	6.9x	2.1 Years	R216,086,152.1
102.5%	56.6%	5.3x	2.9 Years	R177,778,478.6

Yield	IRR	TMB	Pay Back Period	NPV
75.0%	55.4%	5.2x	2.9 Years	R171,642,664.9
77.0%	91.3%	6.9x	2.1 Years	R216,086,152.1
80.0%	195.2%	9.5x	1.5 Years	R284,670,403.2

IRR		TMB		Pay Back Period		NPV	
		R16.0	R17.0			R18.0	
97.5%	32.4%	147.2%	1203.3%				
100.0%	12.4%	91.3%	420.6%				
102.5%	-97.9%	56.6%	226.9%				

IRR		TMB		Pay Back Period		NPV	
		R16.0	R17.0			R18.0	
75.0%	-98.0%	55.4%	221.4%				
77.0%	12.4%	91.3%	420.6%				
77.5%	17.8%	104.1%	525.7%				



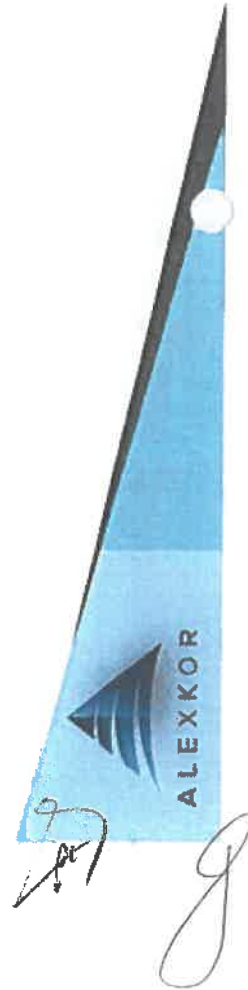
OPTION 4: KEY OUTCOMES

- Strong and robust operating cash-flow
- Operating profit margin reduces to 9.3% due to increase in operating cost as a result of a capital charge / rent fee
- IRR of 91.3% due to gearing effect
- Returns sensitive to Eskom price -- breakeven of R15.81/GJ
- Feedstock costs are 80% of total operating costs -- returns sensitive to this cost



FINANCIAL SUMMARY

- The Base Case: Option 1 financial result indicates a positive and robust outcome (IRR of 45.1%) compared to most projects i.e. IRR is greater than the 25% return benchmark for most projects / investments.
- The project indicates healthy operating margins.
- Operational risks are minimal (no new technology) is involved and simply operating model
- The capital outlay (R50 million) to buy the plant and filter press is “modest” compared to a replacement cost of a similar plant which could cost c.R120 million.
- The project yields a positive NPV and robust IRR under “IRR” conditions e.g. changes in Eskom price.
- Option 1 allows operational control of assets by NewCo.



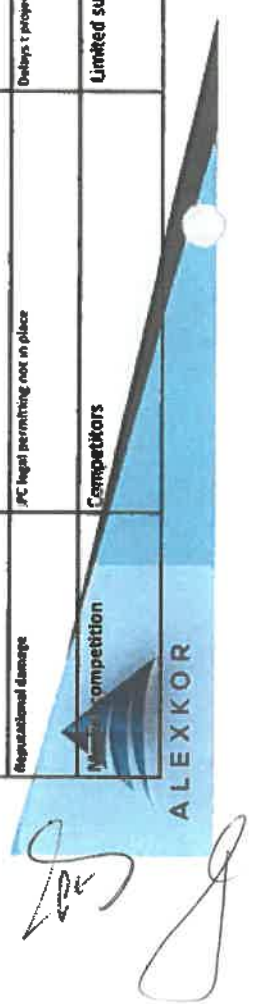
GROWTH OPPORTUNITIES

- **Acquisition of Coal Reserves**
- Once the base case operation has been established, ALEXKOR could pursue the acquisition of its own resources and mitigate the risk of ROM buy-in
- **Additional Coal Processing Capacity**
- Ample IPC property is available to the west of Plant 2 and an additional plant could be constructed on this property
- New wash plant facilities can be constructed in the local vicinity of emerging miners
- **Acquisition of Operating Coal Mines**
- A long term strategy for ALEXKOR would be to acquire existing coal mines particularly those which supply the Eskom market
- **Entry into the Export Market**
- The export market could be accessed by contracting with a trading company



RISK REGISTER

RISK CATEGORY	RISK DESCRIBED	IMPACT ON PROJECT	WHEN RISK ARISES	RISK SEVERITY	MITIGATION MEASURE
TECHNICAL					
Mining operation viability	During the 20 year Wash Plant, time frame the mines supplying coal become financially unviable	Closure of mining operations	During Wash Plant operation		Source of feedstock from other nearby mines, at higher cost
Mine flooding	Unable to supply coal	No coal supply to Wash Plant	During Wash Plant operation		Install sufficient ROM stockpile capacity, typically 5 days coal supply
Plant 2 throughput capacity	Planned product tonnage not achieved	Reduced revenue / ROI	During Wash Plant operation		Complete comprehensive design check and HAZOP
Product quality	Product does not meet ESKOM requirements	ESKOM penalties applied	During Wash Plant operation		Complete comprehensive design check and HAZOP
Discard disposal	Plant 1 discard dump facility permit compliance	Closure of Plant 1 operations, no discard facility available	During Plant 1 operation up to Plant 2 dedicated discard facility being in place		Ensure Plant 1 permit compliance is in place whilst constructing dedicated Plant 2 discard dump facility
Clean & dirty water handling system	Plant 1 facility permit compliance	Closure of Plant 1 operations, no discard facility available	During Plant 1 operation up to Plant 2 dedicated clean & dirty water management system being in place		Ensure Plant 1 permit compliance is in place whilst constructing dedicated Plant 2 clean & dirty water management system
FINANCIAL					
ESKOM coal purchase price	ESKOM negotiated price below R17/ton	Unprofitability of NEWCD / reduced ROI	Leading up to the operational phase		Coal quality exceeds minimum specification
ROM purchase price	ROM cost above R214/t	Unprofitability of NEWCD / reduced ROI	Leading up to the operational phase		Capitalize on existing relationships, identify alternate sources of supply
NEWCD / IPC Service Level Agreement/s	Balance on IPC for services such as power, water, discard disposal	Increased OPEX	Pre-implementation phase		Negotiate accepted benchmark rates
Land lease Agreement	IPC strong negotiating position	Increased OPEX	Pre-implementation phase		Negotiate accepted benchmark rates
Ability to raise capital	Time to finalize via Treasury	Delay to project	Pre-implementation phase		Demonstrate ROI is very good
COMMERCIAL					
Security of coal supply	Coal supply Agreements not renewed	No supply to Wash Plant	During Wash Plant operation		Ablebar to own and operate coal mines
NEWCD thresholders Agreement	IPC makes unreasonable demands	Delay to schedule	Pre-implementation phase		Initiate negotiations early, agree principles up-front
Reputational damage	IPC legal permitting not in place	Delays to project	Pre-implementation phase		Adhere to formal processes and legal compliance
Market competition	Competitors	Limited supply gap	Pre-implementation phase		SOC leverage over ESKOM / product quality



KEY RISKS

- Environmental Permitting Compliance
- ROM Price
- ESKOM Price



[Handwritten signature]

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

- Low risk technically
- Robust financial model output
- Good opportunity for ALEXKOR to enter the coal market (Low capital investment)
- Once established ALEXKOR to identify sources of ROM from Emerging Miners

RECOMMENDATIONS

- ALEXKOR to progress the IPC opportunity to implementation phase



THE WAY FORWARD

Take the project into the implementation phase by:

- Forming the NEWCO (ALEXCOAL PTY LTD).
- Entering into negotiations with IPC, Eskom, Fraser Alexander, Wescoal, Nungu and Funding Institutions.
- Conducting a formal risk assessment to achieve ALEXKOR's objectives.



ANNEXURE A:**1) IPC Shareholders****2) Why IPC**

Alexkor made a decision that it will not be involved in the mining of coal but will work with emerging coal miners to assist them to beneficiate their coal to the required standard. Alexkor would then obtain an Eskom contract, whereby it will then further sell this beneficiated coal to Eskom. It is Alexkor's intent to contribute towards proving a secure source of coal supply to Eskom through the promotion of emerging miners in a cost-effective manner.

Alexkor has identified a business opportunity to invest in a privately-owned Company whose owners have experience in coal beneficiation and who are currently operating a coal beneficiation toll-washing facility in Middelburg which is in close proximity to a number of coal fired Power Stations. This company approached Eskom and post a due diligence assessment by Eskom, the company ticked all the boxes, except for the BBBEE part. Alexkor saw this as an opportunity to partner with such company as it would provide the necessary BBBEE credentials as a major shareholder in the Joint Venture.

Through government to government relationship, Alexkor seeks to supply Eskom with much needed coal feedstock and IPC has the required infrastructure to support this Alexkor-Eskom coal supply initiative.

Alexkor did therefore not choose IPC but rather chose the "Eskom-ready" project which would allow Alexkor to enter into the coal industry at a cost-effective manner.

ALEXKOR has expressed an interest in taking up an equity stake in the company and appointed the Mamadi/RSV ENCO Joint Venture to undertake a due -diligence exercise on the opportunity and the outcome of this exercise has indicated that the opportunity is financially viable.

3) Alexcoal Corporate Structure

Having assessed the various potential transaction structures, Alexkor recommends the establishment of a new legal entity ("NEWCO") to best mitigate identified risks through the ring fencing of liabilities. Alexkor aims to have a majority shareholding in NEWCO and this NEWCO would be named ALEXCOAL.

It is recorded that on the Effective Date the entire issued Share capital in the Company will be held by the Shareholder in the following proportions:

Alexkor: 55% (fifty five percent);

IPC Beneficiation: 45% (forty five percent),



The Board of Alexcoal will consist of six members, comprising of 3 members from the Alexkor SOC Board and three members from the IPC Beneficiation Board. The proposed structure is attached as **Annexure B**.

4) Joint Venture (JV) Agreement

The JV agreement has been drafted and attached as **Annexure C**.

5) Roles and Responsibilities

6) Coal Assets of suppliers

Elandspruit Coal Complex found on Portions 67, 68, 69 and 76 of the farm Elandspruit 291 JS is surrounded by 46 600 000 tons of raw coal within a 3-kilometer radius of its two washing plants. Of this, 18.3 million tons originates from the underground operating mines whose conveyors drop their coal 50 meters from the processing site.

IPC has identified potential sources of ROM supplies from resource blocks in the vicinity of the IPC coal processing site. Most of the identified resource blocks are contiguous to the IPC operations with two blocks currently being mined by other parties but making use of an adit constructed by IPC on its property.

Mining operations have commenced on three of these blocks, namely WesCoal Opencast and Underground and Nungu Underground. Tala is a small isolated coal resource located approximately 1.0 km west of the IPC complex and has been excluded from the ROM reserves on the assumption that the relevant permissions still need to be put in place.

An estimated ROM tonnage of 35.3 Mt is available from these three blocks not taking into account the tonnages mined to date.

Surrounding Areas	In Situ Resource	ROM	ROM - Excluding Tala
WesCoal UG	12.0 Mt	7.8 Mt	7.8 Mt
Nungu UG	6.3 Mt	4.095 Mt	4.095 Mt
WesCoal OC	26.0 Mt	23.4 Mt	23.4 Mt
Tala OC	2.3 Mt	2.07 Mt	
Total	46.6 Mt	37.4 Mt	35.3 Mt

The coal assets of the other junior and emerging miners will be verified once the negotiation process has resumed.

7) Agreement with coal suppliers

Once Alexcoal has been established, then negotiations with these parties and other emerging miners, will be recommenced.

8) Risk Assessment of the Joint Venture

A Risk Register has been compiled based on the available information to hand. The key risks identified are:

- Environmental permitting compliance and associated project schedule delays;
- ROM security of supply and price;
- Eskom price

The risk register has been attached as Annexure D.

9) Regulatory requirements on operating licences

A due diligence study was done ensuring that all regulatory requirements are in place. There are some gaps that have been identified but these will be addressed before the conclusion of the transaction.

The environmental permitting compliance aspects associated with the potential Alexkor / IPC Beneficiation transaction pose certain key risks that will require detailed investigation to ensure compliance is achievable. A key risk is the required time to secure all necessary permissions to ensure full compliance ahead of the plant operations commencing. Alexkor cannot afford any reputational damage resulting from a non-compliant activity.

Clean and Dirty Water Management Plan:

Measures to separate clean and dirty water have been implemented on site. Berms and trenches have been constructed to divert dirty water to pollution control dam. Clean water is diverted away from the plant area and pollution control dam. Berms have been constructed to prevent ponding of runoff water on the roads.

It will be ensured that the Integrated Water and Waste Management plan is implemented and updated annually and that the conditions in the Water Use Licence relating to clean and dirty water are complied with.

Social and Community Related Issues:

To ensure that community related risks are identified, a risk assessment to cover this specifically, will be done to address the risks to third parties, i.e. concurrent activities performed on the site and how such may pose risk to personnel and contractors, as well as how the operations' activities (normal, abnormal and emergency) can influence other external parties.

There is a duty of care on companies to follow-up on grievances and complaints. It will be ensured that mechanisms, i.e. a complaint register, are provided for the community to submit their grievances.

Two handwritten signatures in black ink, one above the other, located in the bottom right corner of the page.

Permitting Process / Timing:

The coal beneficiation toll-wash facility is situated on Portions 67, 68 and 69 of the farm Elandspruit 291 JS (Elandspruit). The following authorisations have been issued:

- Environmental Authorisation 17/2/3N-354 to Nungu Trading (Pty) Ltd.
- Water Use Licence (WUL) 03/B11H/AG/4647 to IPC Beneficiation (Pty) Ltd (attached as Annexure E).

It is intended for Alexcoal to operate the plant concurrently with IPC's ongoing activities at Plant 1 and environmental duties and liabilities will have to be clearly defined contractually.

If the plant is operated on Elandspruit within the current footprint a new environmental authorisation in terms of NEMA might not be required. For any related infrastructure that may include a Pollution Control Dam (PCD) and the establishment of a new discard disposal facility, environmental authorisations under NEMA are applicable, viz.:

- Scoping and EIA process;
- Water use licence amendment
- Waste management license.

There is a duty of care in environmental legislation to ensure that waste is disposed at an authorised waste disposal facility. There is a risk that a directive could be issued by the regulating authority to immediately cease the disposal on the existing discard facility (if not authorised) until a WML is obtained.

This is a key risk that will be addressed going forward.

10) Socio-economic benefits of the JV

In addressing the challenges facing South Africa, the NDP prioritises direct and immediate measures to attack poverty by creating wealth and equity for communities. A key focus of the NGP is to stimulate economic growth, spatial development and enhance opportunities for regional cooperation and trade. This can be achieved by deepening and widening economic activity in order to provide government with a sustainable revenue base to enhance economic diversification and skills development.

The NGP provides Alexkor the opportunity to leverage State requirements to not only enhance its own sustainability and economic viability, but also securing the future of the community and stakeholders it serves. By expanding mining operations (of the junior and emerging miners), leveraging cooperation between SOCs and utilising procurement spend, will help to stimulate local economies.

Alexkor is also aligned with Government's goals as stated in the National Development Plan and New Growth Path to implement effective and sustainable programmes that address the challenges of unemployment, poverty and underdevelopment.

With this in mind, Alexkor has devised this strategy for the business, that will result in its long-term sustainability as well as providing a platform to transform the make-up of the South African coal industry.



Alexkor believes that this project will create sustainable communities in that it will provide jobs for the local communities and also implement SLP and CSI projects as required by law.

11) Funding plans and transactional documents

Once Alexcoal has been established, then negotiations with the funding parties will commence.

12) Approval from Minister of Finance

This approval will be sought once approval from Minister of DPE has been obtained.

13) Governance Oversight

The Board is committed to provide the necessary oversight regarding the process that underpins the transaction discussions.

A handwritten signature in black ink, consisting of a stylized 'S' followed by a flourish and a large 'J'.



20 October 2017

Ms Lynne Brown, MP
Minister
The Department of Public Enterprises
1090 Arcadia Street
Info Tech Building
Hatfield
By Email

Dear Honourable Minister

RE: PRE-NOTIFICATION ON THE PROPOSED ESTABLISHMENT OF ALEXCOAL

This serves to acknowledge Minister's letter dated 20 September 2017 and also to acknowledge Minister's conditional approval to proceed with the negotiations with IPC Beneficiation in particular. Alexkor would like to express its sincere gratitude for this conditional approval and recommended way forward.

Alexkor is fully committed to submit a robust Section 54 (2) PFMA application as per the recommendations in Minister's letter under item points a) to h). However, some of the items require the establishment of Alexcoal first before they can be further addressed as per the attached Annexure A.

Alexkor has already engaged with most of the relevant stakeholders, including Eskom, and the common view held is that they would prefer further engagements at an Alexcoal level and not separately as Alexkor and IPC Beneficiation. It is, therefore, imperative that Alexcoal is first established in order to proceed towards the finalisation of the transactions which will lend added credibility in the submission of a robust Section 54 (2) PFMA application.

It is in this regard that we request Minister to approve the establishment of Alexcoal and grant the company permission to go ahead and seek approval from the Minister of Finance in terms of Section 51 (1) (g) of the PFMA.

I trust that this is satisfactory.

Yours sincerely

MS HANTSI MATSEKE
CHAIRPERSON

Reg. No. 1992/006368/30. Incorporated by Act No 116 of 1992.

Head Office The Woodlands Office Park, Office Block 15, 2nd Floor, 20 Woodlands Drive, Woodmead, Johannesburg, 2191

T +27 11 ALEXKOR (253 9567) F +27 11 788 8869

www.alexkor.co.za

Directors: HB Maseke (Chairperson) • VK Bansal (Acting Chief Executive Officer) • J Bonnet (Acting Chief Financial Officer)
JS Danana • TM Haasbroek • M Lehobye • TJ Matona • ZZ Ntjangua **Company Secretary:** JR Matsonn

ANNEXURE A: THE PROPOSED ESTABLISHMENT OF ALEXCOAL**1. IPC Shareholders**

We wish to advise that the proposed Alexcoal transaction is to be entered into between Alexkor SOC Limited and IPC Beneficiation (Pty) Ltd, registration number 2014/040098/07.

1. We confirm that a thorough due diligence on IPC Beneficiation (Pty) Ltd has been conducted, and we wish to provide you with the following report on the various stakeholders involved.
2. IPC Beneficiation (Pty) Ltd is registered under registration number 2014/040098/07, and has as its sole director, Mr Paul Erskine, with identity number 6502245010086. A copy of the Company Status Report is annexed hereto marked "A".
3. The shareholders of IPC Beneficiation (Pty) Ltd are the following: -
 - 3.1. Biretta Investments (Pty) Ltd – 45% (Forty Five Percent);
 - 3.2. Angelus Custos Trust – 20% (Twenty Percent);
 - 3.3. Zenas Energy CC – 10% (Ten Percent);
 - 3.4. Bogisan Investments (Pty) Ltd – 25% (Twenty Five Percent).
4. With regard to the individual shareholders, we wish to advise as follows:
 - 4.1. Biretta Investments (Pty) Ltd
 - 4.1.1. This company is registered under registration number 2013/101971/07.
 - 4.1.2. The director of the company is Cornelia Johanna Erskine.
 - 4.1.3. The sole shareholder of the company is Cornelia Johanna Erskine.
 - 4.2. Angelus Custos Trust
 - 4.2.1. This Trust is registered with number IT 283/2013.
 - 4.2.2. The trustees are as follows: -



4.2.2.1. Ian Peter Endres, identity number 6911065230080;

4.2.2.2. Juliette Endres, identity number 7902050051085;

4.2.2.3. Judd Robert Reid, identity number 7505145192085;

As a nominee of Lighthouse Trustees (Pty) Ltd.

4.3. Zenas Energy CC

4.3.1. The membership of this close corporation is held as follows: -

4.3.1.1. The Buchanan Trust – 95% (Ninety Five Percent), number IT021746/2014;

4.3.1.2. Bradley Michael MacGibbon – 5% (Five Percent).

4.3.2. The trustees of the Buchanan Trust are as follows:

4.3.2.1. Bradley Michael MacGibbon, identity number 8107025035085;

4.3.2.2. William James Alexandra MacGibbon, identity number 5312075129084);

4.3.2.3. John Stanford Ford, identity number 4803305556089.

4.4. Bogisan Investments (Pty) Ltd

4.4.1. This company is registered under registration number 2013/179724/07.

4.4.2. The director of the company is Martin Hartman, with passport number NUR79JF40.

4.4.3. The sole shareholder of the company is Martin Hartman, passport number NUR79JF



2. Why IPC

Alexkor made a decision that it will not be involved in the mining of coal but will work with emerging coal miners to assist them to beneficiate their coal to the required standard. Alexkor would then obtain an Eskom contract, whereby it will then further sell this beneficiated coal to Eskom. It is Alexkor's intent to contribute towards providing a secure source of coal supply to Eskom through the promotion of emerging miners in a cost-effective manner.

Alexkor has identified a business opportunity to invest in a privately-owned Company whose owners have experience in coal beneficiation and who are currently operating a coal beneficiation toll-washing facility in Middelburg which is in close proximity to a number of coal fired Power Stations. This company approached Eskom and post a due diligence assessment by Eskom, the company met all the requirements, except for the BBEE part. Alexkor saw this as an opportunity to partner with such company as it would provide the necessary BBEE credentials as a major shareholder in the Joint Venture.

Through government to government relationship, Alexkor seeks to supply Eskom with much needed coal feedstock and IPC has the required infrastructure to support this Alexkor-Eskom coal supply initiative.

Alexkor did therefore not choose IPC but rather chose the "Eskom-ready" project which would allow Alexkor to enter into the coal industry at a cost-effective and quick manner.

Alexkor has expressed an interest in taking up an equity stake in the project and appointed the Mamadi/RSV ENCO Joint Venture to undertake a due -diligence exercise on the opportunity and the outcome of this exercise has indicated that the opportunity is financially viable.

3. Alexcoal Corporate Structure

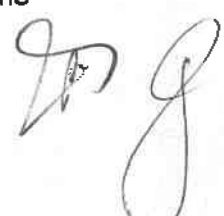
Having assessed the various potential transaction structures, Alexkor recommends the establishment of a new legal entity ("NEWCO") to best mitigate identified risks through the ring fencing of liabilities. Alexkor aims to have a majority shareholding in NEWCO and this NEWCO would be named ALEXCOAL.

It is recorded that on the Effective Date, the entire issued Share capital in the Company will be held by the Shareholder in the following proportions:

Alexkor: 55% (fifty five percent);

IPC Beneficiation: 45% (forty five percent),

The Board of Alexcoal will consist of six members, comprising of 3 members from the Alexkor SOC Board and three members from the IPC Beneficiation Board.



The proposed structure is attached as Annexure B

4. Joint Venture (JV) Agreement

We enclose herewith the Memorandum of Understanding signed between IPC Beneficiation (Pty) Ltd and Alexkor SOC Limited, which sets out the tentative relationship between the parties. Annexure C1.

We enclose herewith the draft agreements:

- Shareholders Agreement (C2),
- Sale of Assets Agreement (C3),
- Subscription Agreement (C4), which regulates the acquisition of shareholding, the relationship between the shareholders,
- Sale of shares (C5) in terms of which Alexkor SOC Limited shall acquire the entire shareholding in Alexcoal.
- Also included is the operating and maintenance contract (C6) between Alexcoal and the plant operator which is Fraser Alexander (Propriety) Limited.

There is therefore no "Joint Venture Agreement" as such, and the abovementioned agreements form the basis of the joint venture.

5. Roles and Responsibilities

The roles and responsibilities are articulated in the agreements in point 4 above and will be clearly expressed in the JV agreement as well.

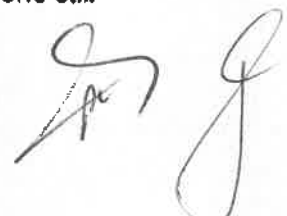
The MOU is attached as Annexure C1.

6. Coal Assets of suppliers

Elandspruit Coal Complex found on Portions 67, 68, 69 and 76 of the farm Elandspruit 291 JS is surrounded by 46 600 000 tons of raw coal within a 3-kilometer radius of its two washing plants. Of this, 18.3 million tons originates from the underground operating mines whose conveyors drop their coal 50 meters from the processing site.

IPC has identified potential sources of ROM supplies from resource blocks in the vicinity of the IPC coal processing site. Most of the identified resource blocks are contiguous to the IPC operations with two blocks currently being mined by other parties but making use of a decline shaft constructed by IPC on its property.

Mining operations have commenced on three of these blocks, namely WesCoal Opencast and Underground and also Nungu Underground. Tala is a small isolated coal resource located approximately 1.0 km west of the IPC complex and has been excluded from the ROM reserves on the assumption that the relevant permissions still need to be put in place.

Two handwritten signatures in black ink, one on the left and one on the right, appearing to be initials or names.

An estimated ROM tonnage of 35.3 Mt is available from these three blocks, as per the table below, not taking into account the tonnages mined to date:

Surrounding Areas	In Situ Resource	ROM	ROM - Excluding Tala
WesCoal UG	12.0 Mt	7.8 Mt	7.8 Mt
Nungu UG	6.3 Mt	4.095 Mt	4.095 Mt
WesCoal OC	26.0 Mt	23.4 Mt	23.4 Mt
Tala OC	2.3 Mt	2.07 Mt	
Total	46.6 Mt	37.4 Mt	35.3 Mt

The coal assets of the other junior and emerging miners will be verified once the negotiation process has resumed.

The tentative agreements with the identified coal asset owners will be obtained from such coal asset owners and negotiated and signed with them. The relevant coal asset owners have their own particular supply agreements which they will furnish to Alexkor SOC Limited, and these will then be negotiated and signed.

7. Agreement with coal suppliers

Once Alexcoal has been established, then negotiations with these parties and other emerging miners, will be recommenced.

8. Risk Assessment of the Joint Venture

A Risk Register has been compiled based on the available information to hand. The key risks identified are:

- Environmental permitting compliance and associated project schedule delays;
- ROM security of supply and price;
- Eskom price

The risk register has been attached as Annexure E.

9. Regulatory requirements on operating licences

A due diligence study was done ensuring that all regulatory requirements are in place. There are some gaps that have been identified but these will be addressed before the conclusion of the transaction.

The environmental permitting compliance aspects associated with the potential Alexkor / IPC Beneficiation transaction pose certain key risks that will require detailed investigation to ensure compliance is achievable. Alexkor cannot afford any reputational damage resulting from a non-compliant activity.

9.1 Clean and Dirty Water Management Plan:

Measures to separate clean and dirty water have been implemented on site. Berms and trenches have been constructed to divert dirty water to pollution control dam. Clean water is diverted away from the plant area and pollution control dam. Berms have been constructed to prevent ponding of run-off water on the roads.

It will be ensured that the Integrated Water and Waste Management plan is implemented and updated annually and that the conditions in the Water Use Licence relating to clean and dirty water are complied with.

9.2 Social and Community Related Issues:

To ensure that community related risks are identified, a risk assessment to cover this specifically, will be done to address the risks to third parties, i.e. concurrent activities performed on the site and how such may pose risk to personnel and contractors, as well as how the operations' activities (normal, abnormal and emergency) can influence other external parties.

There is a duty of care on companies to follow-up on grievances and complaints. It will be ensured that mechanisms, i.e. a complaint register, are provided for the community to submit their grievances.

9.3 Permitting Process / Timing:

The following authorisations have been issued:

- Environmental Authorisation 17/2/3N-354 to Nungu Trading (Pty) Ltd.
- Water Use Licence (WUL) 03/B11H/AG/4647 to IPC Beneficiation (Pty) Ltd (attached as Annexure F).

It is intended for Alexcoal to operate the plant concurrently with IPC's ongoing activities at Plant 1 and environmental duties and liabilities will have to be clearly defined contractually.

If the plant is operated on Elandspruit within the current footprint a new environmental authorisation in terms of NEMA might not be required. For any related infrastructure that may include a Pollution Control Dam (PCD) and the establishment of a new discard disposal facility, environmental authorisations under NEMA are applicable, viz.:

- Scoping and EIA process;
- Water use licence amendment
- Waste management license.

There is a duty of care in environmental legislation to ensure that waste is disposed at an authorised waste disposal facility. There is a risk that a directive could be issued by the regulating authority to immediately cease the disposal on the existing discard facility (if not authorised) until a WML is obtained.



This is a key risk that will be addressed going forward.

10. Socio-economic benefits of the JV

In addressing the challenges facing South Africa, the NDP prioritises direct and immediate measures to attack poverty by creating wealth and equity for communities. A key focus of the NGP is to stimulate economic growth, spatial development and enhance opportunities for regional cooperation and trade. This can be achieved by deepening and widening economic activity in order to provide government with a sustainable revenue base to enhance economic diversification and skills development.

The NGP provides Alexkor the opportunity to leverage State requirements to not only enhance its own sustainability and economic viability, but also securing the future of the community and stakeholders it serves. By expanding mining operations (of the junior and emerging miners), leveraging cooperation between SOCs and utilising procurement spend, will help to stimulate local economies.

Alexkor is also aligned with Government's goals as stated in the National Development Plan and New Growth Path to implement effective and sustainable programmes that address the challenges of unemployment, poverty and underdevelopment.

With this in mind, Alexkor has devised this strategy for the business, that will result in its long-term sustainability as well as providing a platform to transform the make-up of the South African coal industry.

Alexkor believes that this project will create sustainable communities in that it will provide jobs for the local communities and also implement SLP and CSI projects as required by law.

11. Funding plans and transactional documents

Once Alexcoal has been established, then negotiations with the funding parties will commence.

12. Approval from Minister of Finance

This approval will be sought once approval from Minister of DPE has been obtained.

13. Governance Oversight

The Board is committed to provide the necessary oversight regarding the process that underpins the transaction discussions.

Two handwritten signatures in black ink, one above the other, located in the bottom right corner of the page.

DECLARATION

I, the undersigned.

PAUL ANTHONY ERSKINE

(Identity Number: 6502245010086)

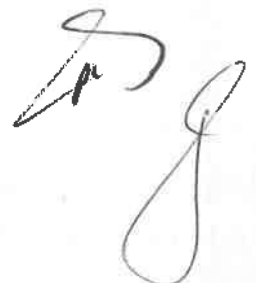
do hereby declare that:

1. I am an adult male and a director of IPC Beneficiation (Pty) Ltd. registration number 2014/040098/07 ("the Company").
2. The only other director of the Company is Jonathan Montague Erskine.
3. The shareholders of the Company are the following:-
 - 3.1. Biretta Investments (Pty) Ltd – 45% (Forty Five Percent);
 - 3.2. Angelus Custos Trust – 20% (Twenty Percent);
 - 3.3. Zenas Energy CC – 10% (Ten Percent);
 - 3.4. Bogisan Investments (Pty) Ltd – 25% (Twenty Five Percent).

DATED AT *Witbank* THIS *23rd* DAY OF *October* 2017



PAUL ANTHONY ERSKINE



DECLARATION

I, the undersigned.

CORNELIA JOHANNA ERSKINE

(Identity Number: 7805140052080)

do hereby declare that:

1. I am an adult female and a director of Biretta Investments (Pty) Ltd, registration number 2013/101971/07 ("the Company").
2. I am a sole director of the Company.
3. I am the sole shareholder of the Company.
4. The Company holds a 45% (Forty Five Percent) shareholding in IPC Beneficiation (Pty) Ltd.

DATED AT *Milbank* THIS *23rd* DAY OF *October* 2017

Erskine

CORNELIA JOHANNA ERSKINE

Erskine

DECLARATION

I, the undersigned.


BRADLEY MICHAEL MACGIBBON

(Identity Number: 8107025035085)

do hereby declare that:

1. I am an adult male and a trustee and beneficiary of the Buchanan Trust, number IT021746/2014.
2. The only other beneficiary's are my wife Tasha MacGibbon and any of our heirs.
3. The trustees of the Buchanan Trust are the following:-
 - 3.1. Bradley Michael MacGibbon (identity number 8107025035085);
 - 3.2. William James Alexandra MacGibbon (identity number 5312075129084); and
 - 3.3. John Stanford Ford (identity number 4803305556089).
4. The Buchanan Trust owns a 95% (Ninety Five Percent) members' interest in Zenas Energy CC, registration number 2010/047708/23.
5. I hold the remaining 5% (Five Percent) members' interest in Zenas Energy CC.
6. Zenas Energy CC holds a 10% shareholding in IPC Beneficiation (Pty) Ltd.

DATED AT *WITBANK* THIS *28th* DAY OF *OCTOBER*, 2017



BRADLEY MICHAEL MACGIBBON



DECLARATION

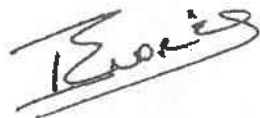
I, the undersigned.

IAN PETER ENDRES

do hereby declare that:

1. I am an adult male and a trustee of the Angelus Custos Trust, number IT283/2013.
2. The other trustees are as follows:-
 - 2.1. Ian Peter Endres (identity number 6911065230080);
 - 2.2. Juliette Endres (identity number 7902050051085);
 - 2.3. Judd Robert Reid (identity number 7505145192085);As a nominee of Lighthouse Trustees (Pty) Ltd.
3. The beneficiaries of the Angelus Custos Trust are the following:-
 - 3.1. Ian Peter Endres;
 - 3.2. Juliette Endres;
 - 3.3. The descendants of Ian Peter Endres and Juliette Endres.
4. The Lighthouse Trustees (Pty) Ltd is a nominee trustee for the abovementioned trustees, and has as its sole shareholder and director, Mr. Judd Robert Reid.
5. The Angelus Custos Trust holds a 20% (Twenty Percent) shareholding in IPC Beneficiation (Pty) Ltd.

DATED AT CRETE THIS 23rd DAY OF OCTOBER 2017

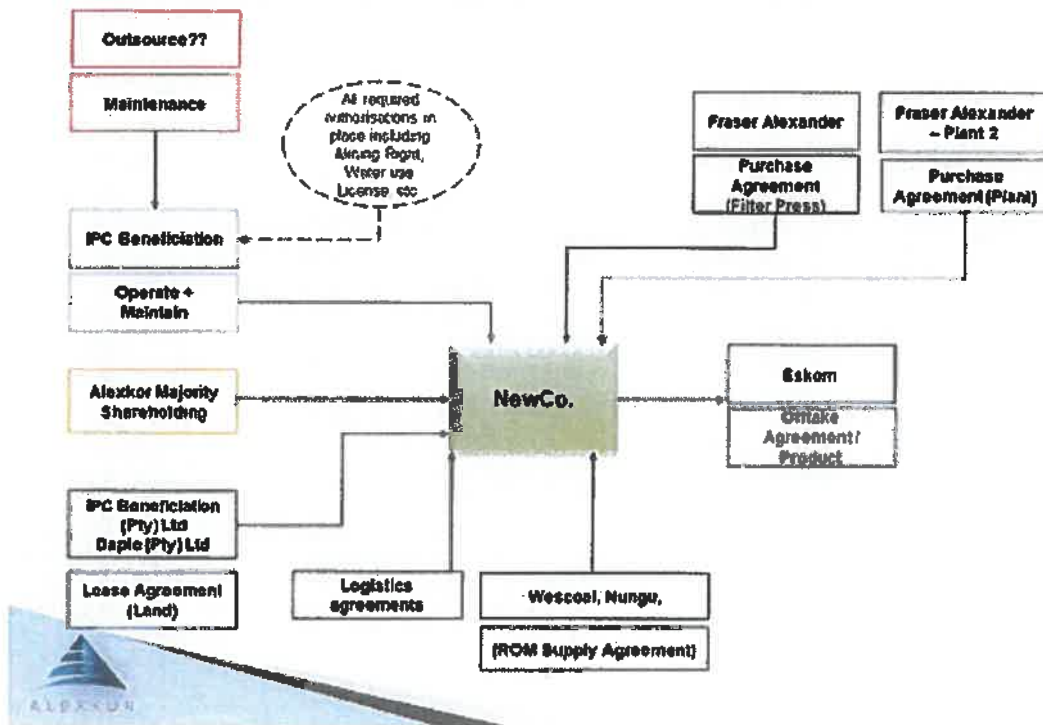


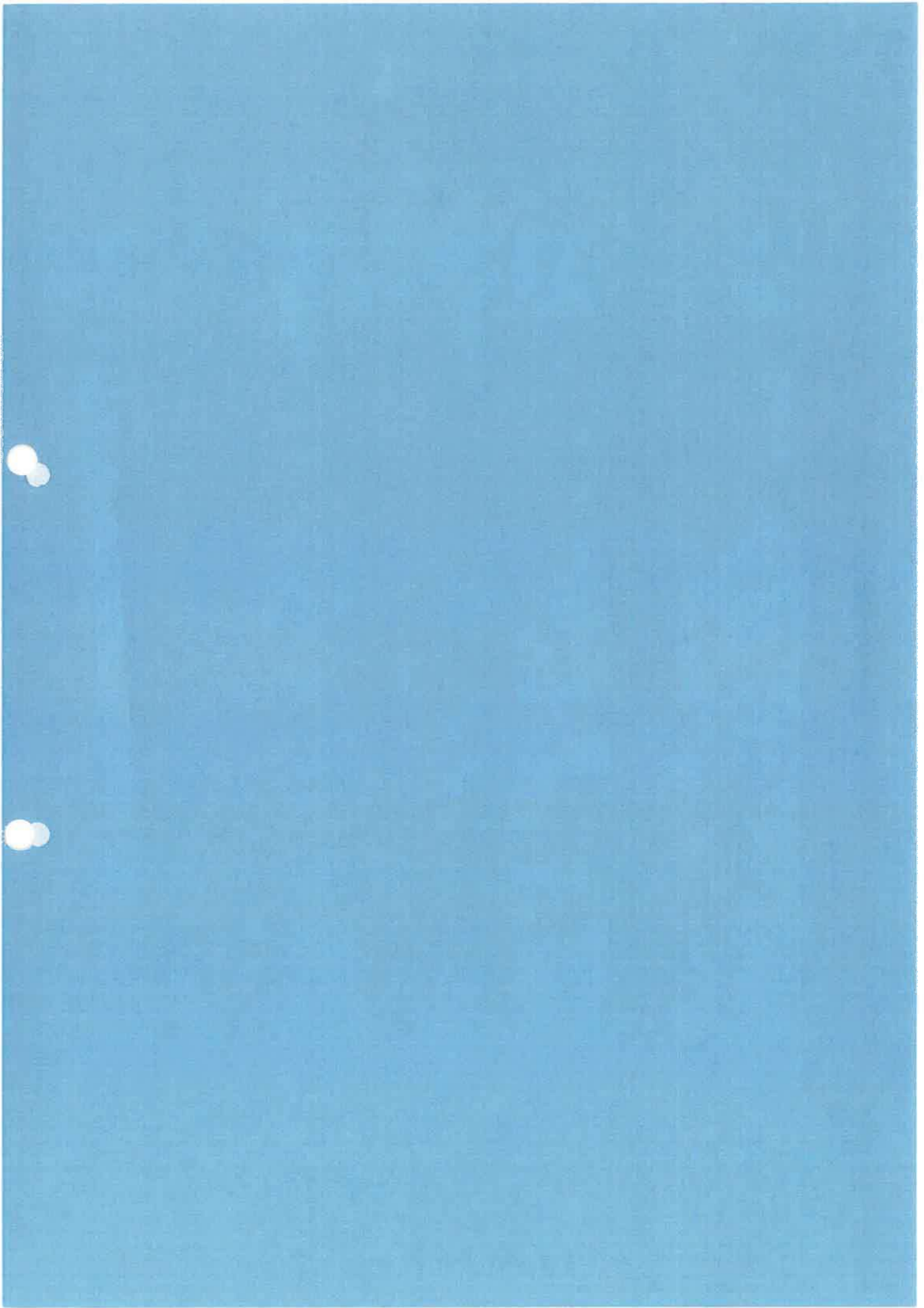
IAN PETER ENDRES



ANNEXURE B:

PROPOSED STRUCTURE AND RELEVANT AGREEMENTS





MEMORANDUM OF UNDERSTANDING

between

IPC BENEFICIATION (PTY) LTD
(Registration No. 2014/040098/07)

("IPC")

and

ALEKOR SOC LTD
(Registration No. 1992/006368/30)

("Alekor")



MESSINA INC.
ATTORNEYS

[Handwritten signatures and initials]
Initial

- 2 -

1. INTRODUCTION

- 1.1. The current core business of Alexkor is the mining of diamonds, but Alexkor wishes to enter the coal sector, and enter into an agreement with an emerging coal company to facilitate the supply of feedstock and to promote a transition of the delivery of feedstock to Eskom power stations from road to rail logistics.
- 1.2. Alexkor has identified a business opportunity to invest in a company, who owners have experience in coal beneficiation, and who are currently operating a coal beneficiation toll-washing facility in Middelburg, which is in close proximity to a number of coal fired power stations.
- 1.3. IPC is the aforementioned company, and similarly wishes to enter into an agreement with Alexkor on the basic terms as set out below
- 1.4. The parties therefore wish to conclude this Memorandum of Understanding and Intention ("MOU") to record their intentions and understanding of the proposed arrangement.

2. COMMENCEMENT AND DURATION

This MOU shall commence on the date of signature hereof by the last party in time to sign ("Effective Date") and shall endure until the earliest occurring of:

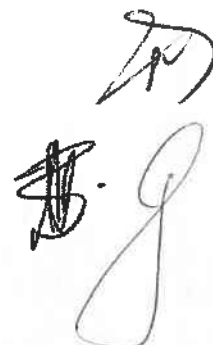
- 2.1. the execution of the Agreements referred to below; or
- 2.2. receipt by either party of a notice from the other party advising of the termination of this MOU.

3. SCOPE

- 3.1. The parties have agreed, subject to the Agreements being signed by both parties, to enter into the transaction stated below.



Handwritten signature and initials, including the word "Initial" written below the signature.



Handwritten signature and initials, including a large stylized signature and a smaller signature below it.

- 3 -

- 3.2. The parties shall fully co-operate with each other in relation to the concluding of the Agreements in accordance with the terms of this MOU, and act all times in such a way as to further the common interest of the parties.

4. **TRANSACTION STRUCTURE**

- 4.1. The parties will form a new company ("Newco"), the purpose of which will be to act as the vehicle for the transaction.
- 4.2. The shareholding of Newco shall be as follows:
- 4.2.1. Alexkor – 55% (fifty five percent);
- 4.2.2. IPC – 45% (forty five percent).
- 4.3. IPC owns the land upon which the coal beneficiation plant is situated, and IPC further holds all water, environmental and other municipal approvals for the conducting of the coal beneficiation on the land.
- 4.4. The coal beneficiation plant and the filter press are owned by Fraser Alexander and Filter-Quip respectively.
- 4.5. It is the intention of the parties that Newco purchase the filter press for R15 million from Filter-Quip and the coal beneficiation plant from Fraser Alexander for R35 million.
- 4.6. Newco shall enter into a lease agreement with IPC in respect of the land.
- 4.7. Newco shall enter into logistics and supply agreements with Wes Coal and Nungu Mining, for the supply of run of mine ("ROM") coal.
- 4.8. The ultimate aim will be for Newco to enter into a supply agreement with Eskom SOC Limited for the supply of washed coal to Eskom.


Initial

- 4 -

- 4.9. Alexkor will obtain an option to purchase the entire shareholding held by IPC in Newco by way of a clawback agreement, of which period will be dependent of the duration of the Eskom contract, and the price of which shall be a "strike price" determined after delivery by Alexkor to IPC of the RSV ENCO business case report after signature of this MOU.
- 4.10. Alexkor will contribute an amount of R150 000 000-00 (One Hundred and Fifty Million Rand) to Newco as capital and working capital, with the approximate split of such amounts to be as follows:-
- 4.10.1. R50 000 000-00 (Fifty Million Rand), which will be contributed to Newco as part of Alexkor's 55% equity buy in.
- 4.10.2. R50 000 000-00 (Fifty Million Rand) to Wes Coal and Nungu Mining to supply ROM coal;
- 4.10.3. R50 000 000-00 (Fifty Million Rand) to Filter-Quip and Fraser Alexander to purchase the filter press and plant.

5. AGREEMENTS

- 5.1. The parties envisage the following agreements to be drafted by Alexkor's attorneys and signed by the parties.
- 5.1.1. Memorandum of Incorporation of Newco;
- 5.1.2. Shareholders Agreement of Newco;
- 5.1.3. Sale of Filter Press and Beneficiation Plant Agreement between Newco, Filter-Quip and Fraser Alexander;
- 5.1.4. Lease Agreement for the land between IPC and Newco;
- 5.1.5. Logistics Agreement between Newco Wes Coal and Nungu Mining;




Initial

10. **NON-BINDING NATURE OF THIS MOU**

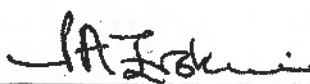
This MOU is not, and is not intended to be legally binding, and is intended to merely encapsulate the basic terms of the transaction, and record the intention of the parties.

THUS DONE and SIGNED at Witbank on this the 8th day of MAY 2017

AS WITNESSES:

1. 

2. _____



For and on behalf of
IPC BENEFICIATION (PTY) LTD who
warrants
his/her authority hereto

THUS DONE and SIGNED at _____ on this the _____ day of _____ 2017

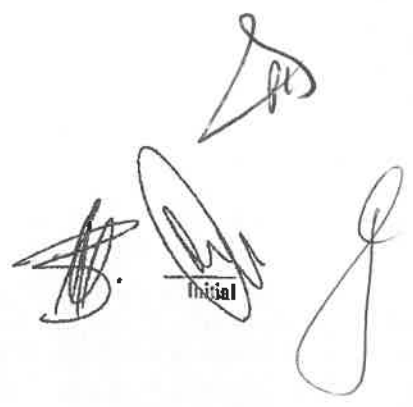
AS WITNESSES:

1. _____

2. _____



For and on behalf of
ALEKKOR SOC LTD who warrants
his/her authority hereto



SHAREHOLDERS' AGREEMENT

between:-

ALEXKOR SOC LIMITED
(Registration No. 1992/006368/30)
("Alexkor")

and

IPC BENEFICIATION (PTY) LTD
(Registration No. 2014/040098/07)
("IPC")

and

ALEXCOAL (PTY) LTD
(Registration No. _____)
("the Company")



MESSINA INC.
ATTORNEYS

Initial

1 **DEFINITIONS**

1.1 In this Agreement, unless the context otherwise requires, the following words and expressions shall have the meanings assigned to them hereunder:

- | | | |
|-------|----------------|---|
| 1.1.1 | "Act" | means the Companies Act, 71 of 2008, as amended, together with any regulations published in terms of it; |
| 1.1.2 | "Agreement" | means this document; |
| 1.1.3 | "Alexkor" | means Alexkor SOC Limited (Registration Number 1992/006368/30), a company duly incorporated in terms of the Republic of South Africa; |
| 1.1.4 | "Auditors" | means the auditors of the Company, as appointed, from time to time; |
| 1.1.5 | "Board" | means the board of Directors of the Company, as constituted, from time to time; |
| 1.1.6 | "Business Day" | means any day other than a Saturday, Sunday or official public holiday; |
| 1.1.7 | "Business" | means the business of the Company, being coal beneficiation and supply; |
| 1.1.8 | "Claims" | means claims by any Shareholder against the Company arising from |

Initial

Handwritten signature and initials, possibly 'JP' and 'J', located at the bottom right of the page.

Shareholder loans;

- 1.1.9 "Company" means Alexcoal (Pty) Ltd (Registration Number _____) a company duly incorporated in terms of the Republic of South Africa;
- 1.1.10 "Directors" means the Directors of the Company from time to time;
- 1.1.11 "Effective Date" means immediately upon the fulfilment or waiver, as the case may be, of the last of the conditions precedent to be fulfilled, and payment in respect of the Sale of Shares of R55 000 000 (Fifty Five Million Rand) is made by Alexkor;
- 1.1.12 "Equity" means, in relation to any particular Shareholder, that Shareholder's holding of Shares and Claims;
- 1.1.13 "Expert" means a partner in the auditors of the Company from time to time, appointed by the senior partner of that firm for the purposes of determining the valuation of the Equity as defined in 1.1.10 above;
- 1.1.14 "MOI" means the Memorandum of Incorporation of the Company;
- 1.1.15 "Parties" means Alexkor, IPC and the Company;

Initial




- 1.1.16 "Rand" means South African Rand (ZAR);
- 1.1.17 "Sale of Shares Agreement" means the Sale of Shares Agreement entered into between the Parties;
- 1.1.18 "Shares" means Shares of any class in the issued share capital of the Company;
- 1.1.19 "Shareholders" means Alexkor and IPC;
- 1.1.20 "Signature Date" means the date of signature of the Party signing this Agreement last;
- 1.1.21 "Transaction" means the Transaction contemplated by this Sale of Shares and Shareholders Agreement.

2 INTERPRETATION

- 2.1 If there is a conflict between figures referred to in numerals and in words, the words shall prevail.
- 2.2 In the event where any number of days is prescribed in this Agreement, it shall be reckoned exclusively of the first and inclusively of the last day. Should the day on which any action shall be taken or any period expire in terms of this Agreement, fall on a day which is not a business day, then the due date shall be the immediately succeeding business day.

3 RECORDAL AND SUPERSESSION

Initial



3.1 The Company shall be incorporated for the purpose of the conducting of the business of the Company, and to act as a special purpose vehicle in respect of same.

3.2 The Parties wish, *inter alia*, to record in this Agreement:

3.2.1 the manner in which the Company will be funded and operate;

3.2.2 the reciprocal rights and obligations of the Shareholders;

3.2.3 certain ancillary matters thereto.

4 **CONDITION PRECEDENT**

4.1 This Agreement is subject to the following suspensive conditions:

4.1.1 That the Sale of Shares Agreement is signed by all the Parties;

4.1.2 Approval being obtained for the Transaction from the Department of Public Enterprises of the Republic of South Africa, through Section 54 of the Public Finance Management Act;

4.1.3 A Sale Agreement is entered into between the Company and Fraser Alexander for the purchase of a filter press and the Coal Beneficiation Plant;

4.1.4 A Lease Agreement is entered into between the Company and IPC in respect of the property situated at [REDACTED];

4.1.5 A Supply Agreement is entered into between the Company and Wes Coal and Nungu Mining, for the supply of run of mine coal;


Initial

6

- 4.1.6 A Supply Agreement is entered into between the Company and Eskom SOC Limited for the supply of washed coal to Eskom;
- 4.1.7 The necessary resolutions are passed by the Shareholders, authorising them to enter into this Agreement;
- 4.1.8 Funding being approved for Alexkor for the purchase of the Shares and the injection of capital as contemplated in clause 10.8 below.

5 SHAREHOLDING AND RELATED MATTERS

- 5.1 It is recorded that on the Effective Date the entire issued Share capital in the Company will be held by the Shareholder in the following proportions:
- 5.1.1 Alexkor: 55% (fifty five percent);
- 5.1.2 IPC: 45% (forty five percent),
- 5.2 The authorised ordinary Share capital of the Company will be 1000 (one thousand) no par value ordinary Shares and having those rights and conditions specified in the MOI.
- 5.3 The main object of the Company is the business of coal beneficiation and supply.
- 5.4 The registered address as at Signature Date of the Company shall be c/o Messina Incorporated, 269 Oxford Road, Illovo.
- 5.5 The full name of the Company shall be Alexcoal (Pty) Ltd or such other name as may be agreed to in writing between the Parties and allowed for registration under the Act.
- 5.6 The Company's financial year shall be 31 December during each financial year.

Initial



6 DIRECTORS

- 6.1 Subject to the provisions of the MOI, the Board shall consist of 6 (Six) Directors.
- 6.2 Each Shareholder shall appoint 3 (Three) Directors.
- 6.3 The Directors of the Board shall serve for an indefinite term, unless he/she is removed and/or ceases to be a Director in accordance with the provisions of the Act or his/her employment agreement.
- 6.4 Each of the Directors shall be entitled to appoint an alternate Director to act in his stead at any meeting of Directors or shall be entitled to grant a proxy to any person to exercise his vote at any Directors' meeting.
- 6.5 If a Director has been appointed by a Shareholder and that Shareholder wishes to replace the appointed Director, such Shareholder shall be entitled by a written notice to the Company to remove any Director appointed by it and to replace any Director who is so removed or who ceases for any other reason to be a Director of the Company. Each such appointment or removal shall be implemented immediately. It is provided that the nominee shall be acceptable to the remaining Shareholders and the Shareholder replacing its nominee indemnifies the Company against any claim for compensation by the replaced Director. The remaining Shareholders undertake to vote in favour of a resolution to appoint the nominated Director and their vote shall not be withheld without good cause being shown, it being agreed that the onus shall be on any Shareholder withholding his/its vote to show good cause for so doing. No person who is a Director of a competitive business to that carried on by the Company shall be appointed a Director of the Company.
- 6.6 Any person appointed as a Director will hold office until removed by the appointing Shareholder; or the Director resigns by notice in writing to the Company; or is disqualified as Director for any reason whatsoever, or is removed from office as a Director in terms of section 71 of the Act.

Initial



- 6.7 The appointment to or removal from the office of Director of any person(s) will be made by notice in writing to the Company at its registered office for the time being and to each Shareholder, and will take effect immediately upon receipt of such notice, subject however to the provisions of the MOI and/or the Act.

7 **MEETINGS OF THE BOARD**

- 7.1 Subject to the MOI, any Director may request a meeting of the Board by sending such request in writing to other Directors.
- 7.2 Subject to the provisions of clause 7.6, all Directors shall receive at least 14 (fourteen) days prior written notice of any proposed meeting of the Board, unless all the Directors agree, in writing, to a shorter notice.
- 7.3 Each notice of a meeting of the Board shall include an agenda for the meeting. The agenda may not be amended unless the amended agenda is unanimously agreed to in writing by all the Directors. No matters may be raised or dealt with in any meeting of the Board unless such matter forms the subject matter of an agenda for such meeting or an agenda suitably amended in terms of the provisions of this clause.
- 7.4 The quorum necessary for the holding of any meeting of the Board shall be 1 (one) Director representing each Shareholder. If within 30 (thirty) minutes from the time appointed for a meeting a quorum is not present, the meeting shall stand adjourned to a date to be determined by the Directors (which date shall not be earlier than 7 (seven) days and not later than 14 (fourteen) days after the date of the meeting) at the same time and place, (or if such place not be available, at such other place as the Directors may appoint), and all the Directors shall be notified in writing of the date, time and place of the adjourned meeting. If at such adjournment of any such meeting a quorum is not present within 30 (thirty) minutes from the time appointed for the adjourned meeting, those present at such meeting shall constitute a quorum. A Directors' meeting shall continue to be quorate notwithstanding that any one or more persons, taken into account for the

Initial



purposes of achieving the quorum, might thereafter cease to be present at the meeting, provided that a majority of the Directors must be present at the meeting before a vote may be called and/or undertaken on any matter.

- 7.5 It is the intention of the Shareholders that Board meetings should be held every three months for the proper running of the Company's affairs but at least twice during each financial year.
- 7.6 Subject to the provisions of the MOI and/or the Act, in the event that any resolution of the Board is required to be passed as a matter of urgency and insufficient time is available to comply with the provisions of sub-clause 7.2, then the Director contemplated in clause 7.1 shall circulate an agenda dealing with the subject matter of such proposed resolution to all the Directors to which shall be annexed a draft of the relevant resolution and for which purpose circulation by fax or email shall suffice. Provided that all Directors have been afforded not less than 48 (forty-eight) hours to respond to the proposed resolution. The resolution signed in counterparts by all the Directors shall be as valid and binding as if same had been passed at a duly convened meeting of the Board.
- 7.7 Directors' resolutions, in order to be effective, will be approved by the majority vote of Directors (or their alternatives) present and voting.
- 7.8 The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings, as they think fit. Meetings of the Board may take place by means of telephone, electronic or other communication facilities that permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.
- 7.9 A resolution passed in terms of clause 7.6 will be entered in the Director's minute book and be noted at the next succeeding meeting of the Board. The resolution will be deemed to have been passed on the date it was signed by the Director last signing it.
- 7.10 The Board will forward a copy of the agenda and all supporting documents (including the minutes of the previous meeting) to each of the Directors at

Initial

Handwritten signature and initials in the bottom right corner of the page.

least 10 (ten) Business Days prior to a meeting of the Board. The Director contemplated in clause 7.1, will cause a copy of the minutes of any proceedings of the Board to be disseminated to all Directors requesting the Directors to object, in writing, if any of them should be of the opinion that the minutes so disseminated are incorrect or inaccurate within a period of 5 (five) Business Days. If there are any such corrections, the Director contemplated in clause 7.1, as the case may be, will disseminate such minutes to all Directors with the necessary changes in accordance with this clause, until no objections are received.

8 SHAREHOLDERS' MEETINGS

8.1 A quorum for any Shareholders' meeting of the Company shall be both Shareholders.

8.2 The Shareholders shall receive at least 10 (ten) Business Days prior written notice of any proposed meeting of Shareholders unless such notice is waived in writing by all the Shareholders. Subject to the provisions of the Act and the MOI, there shall be at least 1 (one) Shareholders' meeting each year. The annual general meeting will deal with and dispose of all matters prescribed by the relevant legislation.

8.3 Each notice of a meeting of Shareholders shall include an appropriate agenda for the meeting. No amendments to the agenda may be made unless unanimously agreed in writing by all the Shareholders. No matters may be raised or dealt with by any meeting of Shareholders unless such matter is contained in the agenda for such meeting or an agenda suitably amended in terms of the provisions of this clause.

8.4 Ordinary resolutions shall require a 51% vote, and special resolutions shall require a 100% vote.

[Check if these percentages are acceptable]

8.5 It is agreed that Shareholders' meetings may be conducted by way of telephone, electronic or other communication facilities that permit all

Initial



11

persons participating in the meeting to communicate with each other simultaneously and instantaneous. A resolution of the Shareholders signed by all the Shareholders shall be as valid and binding as if same had been passed at a duly convened meeting of the Shareholders. The relevant resolution may consist of several counterparts each signed by a Shareholder. Each such counterpart shall be deemed to be an original and all of such counterparts shall together be deemed to constitute a single resolution.

9 **MANAGEMENT AND INSPECTION OF BOOKS**

The Parties agree that management and inspection of books shall be in accordance with Sections 25 to 31 of the Companies Act 71 of 2008.

10 **FUNDING**

10.1 It is the intention of the Shareholders that the business of the Company and the Company and any expansion thereof should be self-financing. Therefore all moneys required for the carrying on and the expansion of the business of the Company beyond the initial share capital and the Shareholders' loans referred to herein shall be provided by:

10.1.1 the cash flow, from time to time, of the Company; and

10.1.2 the maximum possible use of borrowing facilities which the Company has from all sources other than from the Shareholders and without any guarantee or equity share having to be given by any Shareholder for any of those borrowings.

10.2 If at any time the Company wishes to obtain funding from a third party and that third party requires suretyships, guarantees and/or indemnities by the Shareholders, the Shareholders may agree, unanimously and in writing, to provide such funding and to provide such suretyships, guarantees and/or indemnities. The Shareholders agree that any suretyships, guarantees or indemnities given by them under this clause for the obligations of the Company to third Parties will, if possible, be in proportion to the number of Shares held by each Shareholder in the Company at the time of giving

Initial



such suretyships, guarantees or indemnities. Despite any suretyships, guarantees or indemnities which may have been given jointly and severally, the Shareholders will, as between themselves, be liable in respect of any Claims under such suretyships, or guarantees or indemnities by such third Parties in proportion to the number of Shares held by each of the Shareholders in the Company at the time of giving such suretyships, guarantees or indemnities. This clause 10.2 will only apply if the Shareholders have agreed, unanimously and in writing, to provide the relevant suretyships, guarantees or indemnities.

10.3 The borrowings, from time to time, by the Company shall always be:

10.3.1 consistent with sound financial policies; and

10.3.2 within the limits and on the terms and conditions as agreed, from time to time, by the Shareholders.

10.4 Should a guarantee be required to be given by Shareholders on behalf of the Company and the Shareholders unanimously agree to give such guarantee in their personal capacities, then it shall be given by the Shareholders on that basis and condition that the liability in terms of such guarantee shall be borne *pro rata* to their respective shareholding in the Company, and upon the same terms and conditions. Should the credit provider insist that the guarantee shall be joint and several and the Shareholders agree thereto, then and in such event, each Shareholder hereby indemnifies the others *inter se* against any claim which may be made on such Shareholder in terms of such guarantee in excess of that Shareholder's *pro rata* shareholding in the Company.

10.5 Save for the original Shareholder's loans, should any Shareholder's loan account exceed that Shareholder's *pro rata* share of the funding based on the principle that each Shareholder's funding by way of loan account shall be *pro rata* to his respective shareholding in the Company, then the excess by which that Shareholder's loan account exceeds his/its *pro rata* share of the total Shareholders' lending on loan account to the Company shall bear

Initial

interest at the prime overdraft rate as charged by the Standard Bank of South Africa Limited from time to time plus 2% (two percent).

10.6 Shareholder's loans will become immediately due and payable and will be repaid if the Company ceases to carry on business or on the passing of any resolution or the granting of any order (whether provisional or final):

10.6.1 placing the Company under business rescue proceedings; or

10.6.2 placing the Company into liquidation.

10.7 Subject to clause 10.5, no loan account will be called-up by a Shareholder unless it has been approved by 75% (seventy five percent) of the Shareholders and no Shareholder loan account may be repaid unless there are sufficient funds in the Company to do so, provided that if the Parties cannot agree whether there are sufficient funds in the Company to repay any loan account, the matter will be referred to the Company's auditors for determination.

10.8 Notwithstanding all of the above, it is recorded by the Parties that Alexkor will contribute an initial capital contribution of R100 000 000-00 (One Hundred Million Rand), to be utilised by the Company as follows:

10.8.1 R50 000 000-00 (Fifty Million Rand) for the purchase of the Fraser plant, as per the agreement contemplated in clause 4.1.3;

10.8.2 R50 000 000-00 (Fifty Million Rand) for the purchase of coal, as per the agreement contemplated in clause 4.1.5;

11 **DIVIDEND POLICY**

The Company shall declare dividends as and when decided by the Directors from time to time.

Initial



12 TRANSFER OF SHARES

- 12.1 The Parties agree that it is their intention that Alexkor eventually acquires 100% (One Hundred Percent) shareholding in the Company, as contemplated in clause 8 of the Sale of Shares Agreement.
- 12.2 As a result, neither party shall be entitled to sell its Shares in the Company to any third party without the written consent of the other party, or in terms of clauses 14, 15 and 16 hereof.
- 12.3 In the event that a party wishes to sell its shares in the Company to the other party (other than in accordance with clause 8 of the Sale of Shares Agreement), then such party shall notify the other party in writing of such intention, and shall follow the procedures set out in this clause 12.
- 12.4 Should any Shareholder wish to transfer its Shares in the Company (the "Transferor") the following provisions shall apply:
- 12.4.1 the Transferor shall give notice to the other shareholder (the "Transfer Notice") in which it shall specify:
- 12.4.1.1 that it wishes to dispose of its Shares and Claims on loan account against the Company (and such notice shall only be competent if it is in respect of the entire Transferor's Shares and Claims);
- 12.4.1.2 the price per Share, being the market value of the Shares as at the date of the Transfer Notice, and the manner in which it requires the price to be paid;
- 12.4.1.3 the amount of the entire loan account and the price thereof and the manner in which it requires the price to be paid; and
- 12.5 The Transfer Notice shall be irrevocable for a period of 45 (forty-five) days from the date upon which the Transfer Notice was given.

Initial



- 12.6 The purchase price and the terms applicable to the sale of the Transferor's Shares and Claims shall be that as offered by the Transferor or the market related price as determined hereunder, whichever is the higher. The market related price for the Shares and the Claims shall be that as determined by the Auditors in accordance with the provisions of clause 17, acting as experts and not as arbitrators and whose decision shall be final and binding on the Parties.
- 12.7 Should the other Shareholder not accept all the Shares and Claims offered in the Transfer Notice, within the period referred to in sub-clause 12.5, then the Transferor shall be not entitled to transfer its shareholding, other than in terms of the come along and tag along clauses reflected below.

13 **ENTRENCHED PROVISIONS**

- 13.1 The following decisions shall only be allowed by special resolution:
- 13.1.1 the conclusion of any contracts outside the ordinary course of business or the scope of the approved annual business plan or budget;
 - 13.1.2 the cession or issue of any debentures;
 - 13.1.3 the furnishing of a guarantee, suretyship or indemnity for the obligations of any third party;
 - 13.1.4 the pledging or hypothecation or, in any way, the encumbrance of any assets of the Company;
 - 13.1.5 the appointment and/or removal of the Auditors of the Company;
 - 13.1.6 the listing of the Shares of the Company on the JSE Securities Exchange or any other securities exchange;

- 13.1.7 the exposure to foreign exchange risks and any cover to be taken out in respect thereof;
- 13.1.8 any material change in the accounting policies as used in the audited financial statements;
- 13.1.9 the acquisition of any Shares or interest in any company, other form of legal entity, business, partnership or other undertaking of whatever nature and the disposal of any business, Shares or assets not in the ordinary course of business;
- 13.1.10 the payment of remuneration or fees (other than in terms of executive employment contracts) to Directors in their capacity as Directors or as employees;
- 13.1.11 the granting of any share options or the conclusion of any profit sharing arrangements;
- 13.1.12 the increase, consolidation, sub-division, division, cancellation, reduction or converting any of its authorised or issued share capital;
- 13.1.13 the modification of the rights attaching to the Shares in the Company;
- 13.1.14 the liquidation of any company in the group or the Company itself, whether voluntary or otherwise, or on the grounds that it may be just and equitable to do so;
- 13.1.15 the disposition of or dealing with the whole or substantially the whole of the undertaking of the Company or any subsidiary thereof or the whole of or the material assets of the Company or any subsidiary;
- 13.1.16 any change in the dividend policy of the Company;




- 13.1.17 the approval of the annual budget of the Company;
- 13.1.18 the incurring of any expense in excess of R500,000.00 (five hundred thousand Rand) during each financial year, other than as may be provided for in the approved annual budget of the Company;
- 13.1.19 the entering into of any transaction listed in clauses 13.1.1, and/or 13.1.2, and/or 13.1.3 where the debenture, guarantee, suretyship, indemnity, pledge, hypothecation or encumbrance is issued, given or granted to, or for the benefit of a Shareholder and/or person connected to/associated with a Shareholder, and the conclusion of any lease or financing agreement longer than 1 (one) year.
- 13.2 Any failure to obtain the requisite support for any resolution required in respect of any matter referred to in sub-clause 13.1 shall result in that resolution failing and shall not constitute grounds for the launching of an application for the liquidation of the Company on the grounds that it is just and equitable to do so.

(drafting note : check that all of these are acceptable as requiring special resolution)

14 **COME ALONG**

- 14.1 If a *bona fide* third party offers to purchase the shares of all the Shareholders and Shareholders' loans in the Company on identical *pro rata* terms and Shareholders holding in aggregate not less than 55% (fifty five percent) of the total issued ordinary Shares in the Company wish to accept such offer (after first having complied with the relevant provisions of clause 12 and the remaining Shareholders having refused the offer made to them in terms of clause 12), then the remaining Shareholders in the Company shall be obliged to accept and shall be deemed to have accepted the offer of the third party in respect of all their shares in the Company.

Initial



- 14.2 Any sale of Shares in terms hereof shall include as one indivisible transaction the sale of the Shareholders' loan accounts.

15 **TAG ALONG**

Should a third party submit a *bona fide* offer to purchase the Shares in the Company constituting at least 55% (fifty five percent) of the entire issued Shares in the Company then, notwithstanding that the Shareholders to whom such offer has been made having complied with the provisions of clause 12, such Shareholders shall not be entitled to sell their Shares to such third party (if any of the remaining Shareholder[s] to whom the offer has not been made by the third party, indicate[s] in writing in response to the offer in terms of clause 12 that that Shareholder[s] wishes to dispose of its Shares in the Company) unless the same offer is made pro rata to acquire its Shares is likewise made by such third party to the remaining Shareholder(s) concerned.

16 **DEEMED OFFERS**

- 16.1 Subject to any laws relating to insolvency or business rescue, if any Shareholder is liquidated, sequestrated or placed under business rescue, whether provisionally or finally, or attempts to enter into any general compromise or arrangement with its creditors, or in the event of a Shareholder no longer being an employee of the Company, for whatsoever reason (the "Liquidated Shareholder"), then the Liquidated Shareholder will be deemed, on the day prior to that on which the event takes place, to have offered to sell its Equity to the remaining Shareholders in proportion to their respective shareholding, on the following terms:

16.1.1 the price of the Equity will be the aggregate of:

16.1.1.1 in respect of the Shares, the fair market value, as determined by an Expert, who shall apply the provisions of clause 17 below in arriving at his determination; and

16.1.1.2 the face value of the Claims.

Initial



- 16.1.2 the purchase price will be payable against delivery of the relevant Shares in negotiable form and a written cession of the Claims to the remaining Shareholders; and
- 16.1.3 the period of acceptance shall be 20 (twenty) Business Days after receipt by the remaining Shareholders of the determination of the Expert.
- 16.2 The Liquidated Shareholder hereby constitutes the remaining Shareholders with power of substitution on its behalf to sign and complete all forms, declarations, agreements and the like, that may be necessary or desirable to give effect to any acts referred to in this clause 16.

17 **DETERMINATION OF VALUE OF EQUITY**

- 17.1 In the valuation of the Equity of a Shareholder as provided for in this Agreement, the Expert will take into account, among other things, the following principles:
- 17.1.1 the value of the Shares of a relevant Shareholder will be determined in accordance with the provisions of clause 16 above;
- 17.1.2 the Expert will not take into account any potential disadvantage that the Company may suffer due to the loss of the contribution of the particular Shareholder to the Company;
- 17.1.3 the Expert will, in the determination of the value of the Equity of a Shareholder, allow the Shareholder an opportunity to make a representation to the Expert in respect of the deemed value of the said Shares;
- 17.1.4 the Expert will be obliged to disclose to the Shareholders the basis of his or her valuation of the relevant Equity on the date of determination of such value;




17.1.5 the value of the Claims will be determined at face value thereof, except if the Expert is of the opinion that they should determine a lesser amount due to the fact that the Shareholder would, on the liquidation of the Company, receive a lesser amount from the Company. If the Claims reflect a debit balance, the amount of such debit balance will be set-off against the value of the Shares of the Shareholder; and

17.1.6 the costs of the Expert in effecting the aforesaid valuation will be borne by the Shareholders in proportion to their holding of Shares in the Company.

18 RESTRAINT

18.1 Whilst it is acknowledged by the Parties that IPC is already engaged in similar businesses to that of the Company, IPC undertakes that for as long as IPC is a Shareholder of the Company, neither it nor any director, Shareholder or employees, will wilfully or intentionally divert business from the Company, or in any manner, whether directly or indirectly, harm or prejudice the business of the Company, or entice or persuade any employees of the Company to leave their employ or become employed with any entity associated with IPC.

18.2 For purposes of clause 18.2, IPC shall assume liability of any of its Shareholder, director or employees contravene this clause.

19 CONFIDENTIALITY

19.1 Subject to clause 19.1, the Shareholders undertake to each other during the duration of this Agreement, and thereafter should this Agreement be cancelled or terminated for whatsoever reason, to retain all information of a confidential nature relating to the Company as strictly confidential and not to disclose such information to any party without the prior written consent of the other Shareholders which consent may not be unreasonably withheld.

Initial



19.2 A Party's obligations under clause 19.1 shall not apply if and to the extent that:

19.2.1 such Party is required by law to disclose such information;

19.2.2 any Party is required make such information available to its Shareholders as may be necessary, or to any person who is negotiating with such Party for the acquisition of an interest in such Party; or

19.2.3 such information has ceased to be confidential through no fault of the Party seeking to disclose such information.

19.3 Upon termination or cancellation of this Agreement for whatsoever reason, the receiving Party undertakes to return to the disclosing Party all information which it has received in a written or computer format and not to make any copies thereof.

20 GOVERNING LAW AND JURISDICTION

This Agreement shall, for all intents and purposes, be governed by and executed according to the laws of the Republic of South Africa and the Parties irrevocably consent to the jurisdiction of the South Gauteng High Court.

21 SUPPORT AND UTMOST GOOD FAITH

21.1 The Shareholders undertake, at all times, to do all such things, perform all such actions and take all such steps (including in particular the exercise of their voting rights in the Company) and to procure the doing of all such things, the performance of all such actions and the taking of all such reasonable steps as may be open to them and reasonably necessary for or incidental to the putting into effect or maintenance of the terms, conditions and/or import of this Agreement.

Initial



22

- 21.2 The Parties record that they have entered into this Agreement on the basis of the utmost good faith between them and that each Shareholder shall exercise the utmost good faith in all dealings between himself / itself and the other Shareholders and the Company.

22 RELATIONSHIP OF THE PARTIES

Nothing contained herein shall be deemed to constitute a partnership, joint venture or the like between the Shareholders and none of the Shareholders by reason of the actions of any of them incur any personal liability as co-partners to any third party and none of them shall be entitled or authorised to represent or hold out to any third party that the relationship between them is that of a partnership, joint venture or the like as aforesaid.

23 SETTLEMENT OF DISPUTES

- 23.1 The Parties shall negotiate in good faith to settle any dispute that arises out of this Agreement.
- 23.2 In the event of the Parties not being able to settle any dispute, either party may agree to Mediation.
- 23.3 In addition, the Parties may agree to arbitration in accordance with the Arbitration Act 42 of 1965, and shall conclude a written agreement to arbitrate within 7 (seven) days of the dispute arising, which shall contain all the details of the arbitration process.

24 NOTICES

- 24.1 This Agreement contains the entire Agreement between the Parties and no variation or consensual cancellation thereof shall be of any force or effect unless reduced to writing and signed by all the Parties.
- 24.2 No indulgence granted by any party or failure to exercise such party's rights shall constitute a novation or waiver of the grantor's rights nor




Initial

prevent the grantor from insisting on strict compliance by the other Parties with his/its obligations in terms of this Agreement.

24.3 In the event of any term or condition contained in this Agreement being or becoming invalid or unenforceable for whatsoever reason such offending term or condition shall be severed from this Agreement and the remaining terms and conditions shall be binding on the Parties hereto.

24.4 The Parties respectively choose the following addresses as their chosen address for all purposes hereunder at : -

24.4.1 The Company:

Physical: c/o Messina Incorporated, 269 Oxford Road, Illovo

Telefax: (011) 268 6179

E-mail: carlo@messinainc.co.za

24.4.2 Alexkor:

Physical: Woodlands Office Park, 20 Woodlands Drive, Building 15, Woodmead, Johannesburg

Telefax:

E-mail: humphrey@alexkor.co.za

24.4.3 IPC:

Physical: _____

E-mail: _____

24.5 Any notice required to be given in terms of this Agreement shall be validly given if: -

Initial

- 24.5.1 delivered by hand to the addressee's chosen address, in which event it shall be deemed to have been received on the date of delivery; or
- 24.5.2 sent by registered post to the addressee's chosen address in which event it shall be deemed to have been received by the addressee five (5) days after having so been posted or by electronic mail; or
- 24.5.3 sent by telefax or by email address in which event it shall be deemed to have been received on the date of transmission, provided a hard copy thereof is, in addition to the telefax transmission, forwarded by registered post.
- 24.6 Any party may by notice to the other Parties change the physical address chosen as its *domicilium citandi et executandi* to another physical address where postal delivery occurs or its postal address or its fax number or e-mail address, provided that the change shall become effective *vis-à-vis* that addressee on the 5th (fifth) business day from the receipt of the notice by the addressee.
- 24.7 The rights and obligations of any of the Parties in terms of this Agreement shall not be ceded nor assigned to any other party without the prior written consent of the other Parties to this Agreement.
- 24.8 This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same Agreement as at the date of signature of the party that signs its counterpart last in time.

25 **WAIVER / VARIATION**

- 25.1 This Agreement constitutes the entire Agreement between the Parties regarding the matters set-out herein or related thereto and no representations or warranties not set-out in writing in this Agreement shall be binding upon the Parties.

Initial



25.2 No variation, abandonment or waiver or rights or obligations under this Agreement, or consensual cancellation of the Agreement, shall be binding unless it is in writing.

25.3 No acceptance by either Party of any payment by the other and no failure, refusal or neglect of either Party to exercise any right under the Agreement or to insist upon full compliance by a Party with its obligations hereunder, shall constitute a novation or waiver of any provision of this Agreement, nor prevent the Party from insisting on strict compliance by the other Party with its obligations in terms of this Agreement.

26 **SEVERABILITY**

In the event of the invalidity of any part or portion of this Agreement for any reason whatsoever, such invalidity shall not affect the validity or enforceability of any other part or provision of this Agreement, and such invalid part or portion shall be deemed to have been struck-out of the Agreement.

27 **ASSIGNMENT OR CESSION**

The rights and obligations of any of the Parties in terms of this Agreement shall not be ceded nor assigned to any other Party without the prior written consent of the other Parties, which consent shall not be unreasonably withheld.

28 **COSTS**

28.1 The Shareholders shall be jointly responsible for the legal costs incurred in the negotiating, drafting and signature of this Agreement.

28.2 The legal costs incurred by either party in enforcing their rights in terms of this Agreement, shall be claimable against the other party on the scale as between the agreement between the successful party and its particular attorneys.

Initial

27

LTD who warrants his/her authority
hereto

THUS DONE and SIGNED at _____ on this the _____ day of _____ 2017

AS WITNESSES:

1. _____

2. _____

For and on behalf of **IPC
BENEFICIATION (PTY) LTD**
who warrants his/her authority hereto

THUS DONE and SIGNED at _____ on this the _____ day of _____ 2017

AS WITNESSES:

1. _____

2. _____

For and on behalf of **ALEXCOAL (PTY)
LTD** who warrants his/her authority
hereto

DRAFT

Initial



SALE OF ASSETS AGREEMENT

between

ALEXCOAL (PROPRIETARY) LIMITED
(Registration No. [REDACTED])
("the Purchaser")

and

FRASER ALEXANDER (PROPRIETARY) LIMITED
(Registration No. 2005/028043/07)
("the Seller")



Inwisi

A handwritten signature or set of initials in black ink, located in the bottom right corner of the page. The signature is cursive and appears to consist of two main parts, possibly initials and a surname.

Table of Contents

	Page No
1. Definitions and Interpretation	3
2. Introduction	7
3. Sale	7
4. Purchase price and payment	7
5. Delivery	7
6. Risk and Ownership	7
7. Warranties and Voetstoots Sale	8
8. Publicity	8
9. Confidentiality	9
10. Breach	9
11. Notices	10

Printed



1. Definitions and Interpretation

1.1. In this Agreement, the following words shall, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings and other words derived from the same origins as such words (that is, cognate words) shall bear corresponding meanings:

- 1.1.1. "Agreement" means the Sale of Assets Agreement between the Parties;
- 1.1.2. "Business Day" means any day other than a Saturday, Sunday or gazetted national public holiday in the Republic of South Africa,
- 1.1.3. "Commissioning Date" means the date at which the Seller commissions the Wash Plant rendering it operational;
- 1.1.4. "Effective Date" means despite the Signature Date, means the first Business Day following the day on which all of the funds have cleared the Seller's bank;
- 1.1.5. "Parties" means the parties to this Agreement, being the Seller and the Purchaser, and "Party" means either one of them as the context may indicate;
- 1.1.6. "Purchaser" means Alexcoal (Pty) Ltd, a private company, registered according to the laws of South Africa, registration number [REDACTED] having its principal place of business at 2nd floor, Block 15, Woodlands Office Park, Woodmead.

Signature
Initial



- 1.1.7 "Sale Assets" means the Wash Plant as described in 1.1.16.
- 1.1.8 "Seller" means Fraser Alexander (Proprietary) Limited, registration number 2005/028043/07, a private company registered in accordance with the laws of the Republic of South Africa.
- 1.1.9 "Signature Date" means the date upon which both Parties have signed this Agreement or, in the event of them having signed the Agreement on different dates, the date of the last signature:
- 1.1.10 "Surviving Provisions" means the provisions of clauses 1, 4.3, 5.2, 6, 7.2 and clauses 8 to 11 (both inclusive).
- 1.1.11 "VAT" means Value-Added Tax levied in terms of the VAT Tax Act.
- 1.1.12 "VAT Act" means the Value-added Tax Act, 1991, as amended; and
- 1.1.13 "Wash Plant" means the wash plant and associated material handling equipment of the Seller, consisting of **(to be determined still)**

1.2. In this Agreement

1.2.1. references to a statutory provision include any subordinate legislation made from time to time under that provision and include that provision as modified or re-enacted from time to time:

Initial

SA
J

- 1.2.2. words importing any particular gender include the other genders (i.e. the masculine, feminine and neuter genders, as the case may be); the singular includes the plural and *vice versa*; and natural persons include artificial persons and *vice versa*;
- 1.2.3. references to a "person" include a natural person, company, close corporation or any other juristic person or other corporate entity, a charity, trust, partnership, joint venture, syndicate, or any other association of persons;
- 1.2.4. if a definition imposes substantive rights and obligations on a Party, such rights and obligations shall be given effect to and shall be enforceable, notwithstanding that they are contained in a definition;
- 1.2.5. any definition, wherever it appears in this Agreement, shall bear the same meaning and apply throughout this Agreement unless otherwise stated or inconsistent with the context in which it appears;
- 1.2.6. if there is any conflict between any definitions in this Agreement then, for purposes of interpreting any clause of the Agreement or paragraph of any Annexure, the definition appearing in that clause or paragraph shall prevail over any other conflicting definition appearing elsewhere in the Agreement;
- 1.2.7. where any number of days is prescribed, those days shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which event the last day shall be the next succeeding Business Day;
- 1.2.8. where the day upon or by which any act is required to be performed is not a Business Day, the Parties shall be deemed to have intended such act to be performed upon or by the next succeeding Business Day;

Initial



- 1.2.9 any provision in this Agreement which is or may become illegal, invalid or unenforceable in any jurisdiction affected by this Agreement shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be treated as having not been written (ie *pro non scripto*) and severed from the balance of this Agreement, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction;
- 1.2.10. the use of any expression covering a process available under South African law (including, for example, a winding-up) shall, if any of the Parties is subject to the law of any other jurisdiction, be interpreted in relation to that Party as including any equivalent or analogous proceeding under the law of such other jurisdiction;
- 1.2.11. references to any amount shall mean that amount exclusive of VAT, unless the amount expressly includes VAT; and
- 1.2.12. the rule of construction that if general words or terms are used in association with specific words or terms which are a species of a particular genus or class, the meaning of the general words or terms shall be restricted to that same class (ie the *eiusdem generis* rule) shall not apply, and whenever the word "including" is used followed by specific examples, such examples shall not be interpreted so as to limit the meaning of any word or term to the same genus or class as the examples given.
- 1.3 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement which are expressly provided to operate after any such expiration or termination, or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the relevant provisions themselves do not provide for this
- 1.4. Each of the provisions of this Agreement has been negotiated by the Parties and drafted for the benefit of the Parties, and accordingly the rule of construction



that the contract shall be interpreted against or to the disadvantage of the party responsible for the drafting or preparation of the agreement (ie the *contra proferentem* rule), shall not apply.

2. Introduction

The Seller wishes to sell, and the Purchaser wishes to purchase the Sale Assets on the terms and subject to the conditions contained in this Agreement

3. Sale

The Seller hereby sells to the Purchaser who purchases the Sale Assets on the terms and conditions of this Agreement.

4. Purchase price and payment

4.1 The Purchaser shall make payment in favour of the Seller for R35,000,000.00 (Thirty Five Million Rand) to the Sellers Bank by no later than

4.2 The Seller will provided an Asset Register and pass transfer of title and ownership to the Purchaser on receipt of payment.

5. Delivery

On the Effective Date, the Purchaser shall be entitled to take delivery of the Wash Plant from the Seller

6. Risk and Ownership

6.1 Ownership in the Sale Assets shall pass to the Purchaser only upon payment of the initial Payment in full, as provided for in clause 4.1.

6.2 All risk and benefit in the Sale Assets shall be deemed to have passed to the Purchaser with effect from the date of delivery thereof.

Carlo 2017/6/19 11:09 AM

Comment [1]: To be verified with client

Initial



8

7. Warranties and Voetstoots Sale

7.1. The Parties hereby warrant, represent and undertake to each other, as at the Signature Date, that:

7.1.1. they have and shall continue to have the necessary legal capacity and powers to enter into and perform each of their obligations in terms of this Agreement and have taken all necessary corporate and/or internal action to authorise the execution and performance of this Agreement,

7.1.2. the execution of this Agreement and the performance by the Parties of their obligations hereunder does not and shall not:

7.1.2.1. contravene any provision of the Parties' founding documents; or

7.1.2.2. conflict with, or result in a breach of any of the terms, or constitute a default under any agreement or other instrument, to which the Parties are subject or by which they or any of their assets are bound.

7.2. The sale of the Sale Assets shall take place on a voetstoots basis and the Seller gives no express or implied warranties or representations in respect of the condition, fitness for purpose, quality or merchantability of any of the Sale Assets or any other matter in relation thereto

8. Publicity

Except as contemplated by this Agreement, neither Party shall publish or disclose to any third party the fact of or any information concerning the conclusion of this Agreement or the terms or conditions hereof without the prior written consent of the other Party.

Initial



9. Confidentiality

Both Parties shall at all times keep the existence and contents of this Agreement confidential and shall use its best endeavours to keep confidential any information of or relating to the Company or its operations or affairs which it has acquired or may acquire in relation to the Company or its operations or affairs prior to or pursuant to this Agreement, save for any information:

- 9.1. which is publicly available or becomes publicly available through no act or default of a Party;
- 9.2. which was in the possession of a Party prior to its disclosure otherwise than as a result of any breach by that Party of any obligation of confidentiality owed to any other person whether pursuant to this Agreement or otherwise;
- 9.3. which is disclosed to a Party by a person which person did not acquire the information under an obligation of confidentiality; or
- 9.4. which is independently acquired by a Party as a result of work carried out by a person to whom no disclosure of such information has been made.

and each Party shall not use or disclose such information except with the prior written consent of the other Party or in accordance with an order of a court of competent jurisdiction or in order to comply with any law or governmental regulations by which any Party concerned is bound or as may be lawfully requested in writing by any governmental authority, or in the case of information relating to the Company for the advancement of the Company.

10. Breach

- 10.1 If the Purchaser or the Seller breaches any material provision of this Agreement and remains in breach of such provision for 14 days after written notice to that Party requiring that Party to rectify that material breach, the aggrieved Party

Initials

Handwritten initials in black ink, consisting of a stylized 'S' and 'J' stacked vertically.

shall be entitled (without derogating from any of its other rights or remedies under this Agreement or at law), at its option:

- 10.1.1 to sue for immediate specific performance of any of the defaulting Party's obligations under this Agreement, whether or not such obligation is then due, or
- 10.1.2. to cancel this Agreement, in which case written notice of the cancellation shall be given to the defaulting Party, and the cancellation shall take effect on the giving of the notice, provided that no Party shall be entitled to cancel this Agreement unless the breach is a material breach of a material term, and the remedy of specific performance or damages would not adequately prevent the aggrieved Party from being prejudiced.

and in either event the aggrieved Party shall be entitled to claim any damages it has suffered.

- 10.2. If the Purchaser is the defaulting Party, the Seller shall be entitled, without prejudice to any other rights it may have, to exercise any or all of its rights, remedies, powers or discretions under the Guarantee and/or Mortgage Bond in connection with such failure, including, without limitation, the realisation of any security granted to the Seller in terms thereof

11. Notices

- 11.1. The Parties to this Agreement hereby select their respective *domicilia citandi et executandi* for all purposes in terms of this Agreement and/or any claim arising pursuant hereto as follows:-

- 11.1.1. in the case of the Seller to:

Physical Address	1 Martin Road
	Jet Park
	Boksburg

APPROVED
Initial

Email: craigb@fraseralexander.co.za

and is marked for the attention of Craig Brown;

11.1.2. in the case of the Purchaser to:

Physical Address: 2nd floor, Block 15, Woodlands
Office Park, Woodmead

Email: paerskine@mweb.co.za

and is marked for the attention of Paul Erskine

11.2. Any Party may, by written notice to the other Party, change its domicile to another address in the Republic of South Africa. Such change shall only be effective upon receipt of such notice in writing by the other Party.

11.3. All notices, demands, communications or payments intended for any Party shall be made or given at such Party's domicile for the time being.

11.4. A notice sent by one Party to another Party shall be deemed to be received:

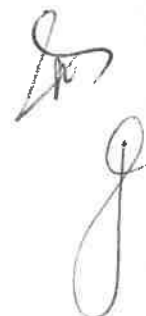
11.4.1. On the same day, if delivered by hand;

11.4.2. On the same day of transmission if sent by electronic mail;

11.4.3. On the fifth day after posting, if sent by prepaid registered mail

11.5. Notwithstanding anything to the contrary herein, a written notice actually received by a Party shall be valid and effective as if it had been addressed to such Party's chosen domicile citandi et executandi.

Initial

Handwritten initials and a signature in the bottom right corner of the page.

11.6. Entire Contract

This Agreement contains all the provisions agreed on by the Parties with regard to the subject matter of the Agreement, and supersedes and novates in its entirety any previous understandings or agreements among the Parties in respect thereof; and the Parties waive the right to rely on any alleged provision not expressly contained in this Agreement.

11.7. No stipulation for the benefit of a third person

Save as is expressly provided for in this Agreement, no provision of this Agreement constitutes a stipulation for the benefit of a third person (ie a *stipulatio alteri*) which, if accepted by the person, would bind any Party in favour of that person

11.8. No representations

A Party may not rely on any representation (whether or not made innocently, negligently or deliberately) which allegedly induced that Party to enter into this Agreement, unless the representation is recorded in this Agreement

11.9. Variation, Cancellation and Waiver

No contract varying, adding to, deleting from or cancelling this Agreement, and no waiver of any right under this Agreement, shall be effective unless reduced to writing and signed by or on behalf of the Parties

11.10. Indulgences

The grant of any indulgence, extension of any time or relaxation of any provision by a Party under this Agreement (or under any other agreement or document issued or executed pursuant to this Agreement) shall not constitute a waiver of any right by the grantor or prevent or adversely affect the exercise by the grantor of any existing or future right of the grantor. Accordingly, if a Party

Two handwritten signatures in black ink are located at the bottom right of the page. The signature on the left is a stylized, cursive 'S' with a horizontal stroke. The signature on the right is a large, looped cursive 'J'.

at any time breaches any of that Party's obligations under this Agreement, the aggrieved Party.

11.10.1. may at any time exercise any right that became exercisable directly or indirectly as a result of the breach unless the aggrieved Party expressly elects in writing not to exercise that right or to relinquish that right, or the aggrieved Party by its clear and unambiguous conduct (amounting to more than mere delay) elects not to exercise that right.

11.10.2. may accept the late performance of the Party in breach, which acceptance shall be provisional only and shall not prevent the aggrieved Party from exercising at any time the aggrieved Party's rights arising out of that breach, and

11.10.3. shall not be prevented (estopped) from exercising the aggrieved Party's rights arising out of that breach, despite the fact that the aggrieved Party may have elected or agreed on one or more previous occasions not to exercise the aggrieved Party's rights arising out of any similar breach or breaches.

Initial

Handwritten initials and a signature in the bottom right corner of the page.

11.11. Disputes

- 11.11.1. The Parties shall negotiate in good faith to settle any dispute that arises out of this Agreement.
- 11.11.2. In the event of the Parties not being able to settle any dispute, either party may approach a court of competent jurisdiction.
- 11.11.3. In addition, the Parties may agree to arbitration in accordance with the Arbitration Act 42 of 1965, and shall conclude a written agreement to arbitrate within 7 (seven) days of the dispute arising, which shall contain all the details of the arbitration process.

11.12. Cession and Delegation

The Purchaser may not cede any or all of its rights or delegate any or all of its obligations under this Agreement, without the prior written consent of the Seller.

11.13. Applicable Law

This Agreement is to be governed, interpreted and implemented in accordance with the laws of the Republic of South Africa.

11.14. Jurisdiction of South African Courts

The Parties consent to the non-exclusive jurisdiction of the High Court of South Africa, Gauteng Local Division, Johannesburg, for any proceedings arising out of or in connection with this Agreement

11.15. Costs

Initial



11.15.1. Each Party shall bear that Party's own legal costs and disbursements of and incidental to the negotiation, preparation, settling, signing and implementation of this Agreement.

11.15.2. Any costs, including all legal costs on an attorney and own client basis and VAT, incurred by a Party arising out of or in connection with a breach by the other Party shall be borne by the Party in breach.

11.16. Signature in Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement.

11.17. Independent Advice

Each of the Parties hereby respectively agrees and acknowledges that:

11.17.1. it has been free to secure independent legal advice as to the nature and effect of each provision of this Agreement and that it has either taken such independent legal advice or has dispensed with the necessity of doing so, and

11.17.2. each provision of this Agreement is fair and reasonable in all the circumstances and is part of the overall intention of the Parties in connection with this Agreement.

11.18. Good Faith

The Parties shall at all times act in good faith towards each other and shall not bring the other Party into disrepute.

11.19. Co-operation



Each of the Parties undertakes at all times to do all such things, perform all such acts and take all such steps, and to procure the doing of all such things, within its power and control, as may be open to it and necessary for and incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement.

THUS DONE and SIGNED at _____ on this the _____ day of _____ 2017

AS WITNESSES

1. _____

2. _____

For and on behalf of ALEXCOAL (PTY)
LTD who warrants his/her authority hereto
on this the _____ day of _____ 2017

THUS DONE and SIGNED at _____

AS WITNESSES

1. _____

2. _____

For and on behalf of FRASER ALEXANDER
PTY LTD who warrants his/her authority
hereto

Witness

Handwritten signatures in black ink, consisting of two distinct marks, one above the other.

**ALEXKOR COAL ACQUISITION
BUSINESS CASE REPORT RISK REGISTER**

APPENDIX 7

RISK REGISTER

RISK CATEGORY	RISK DESCRIBED	IMPACT ON PROJECT	WHEN RISK ARISES	RISK SEVERITY	MITIGATION MEASURE
TECHNICAL					
Mining operation viability	During the 20-year Wash Plant time frame the mines supplying coal become financially unviable	Closure of mining operations	During Wash Plant operation		Source of feedstock from other nearby mines, at higher cost
Mine Flooding	Unable to supply coal	No coal supply to Wash Plant	During Wash Plant operation		install sufficient ROM stockpile capacity, typically 5 days coal supply
Plant 2 throughput capacity	Planned product tonnage not achieved	Reduced revenue / ROI	During Wash Plant operation		Complete comprehensive design check and HAZOP
Product quality	Product does not meet ESKOM requirements	ESKOM penalties applied	During Wash Plant operation		Complete comprehensive design check and HAZOP
Discard disposal	Plant 1 discard dump facility permit compliance	Closure of Plant 1 operation, no discard facility available	During Plant 1 operation up to Plant 2 dedicated discard facility being in place		Ensure Plant 1 permit compliance is in place whilst constructing dedicated Plant 2 discard dump facility
Clean & dirty water handling system	Plant 1 facility permit compliance	Closure of Plant 1 operation, no discard facility available	During Plant 1 operation up to Plant 2 dedicated clean & dirty water management system being in place		Ensure Plant 1 permit compliance is in place whilst constructing dedicated Plant 2 clean & dirty water management system

FINANCIAL					
ESKOM coal purchase price	ESKOM negotiated price below R17/GJ	Unprofitability of NEWCO / reduced ROI.	Leading up to the operational phase		Coal quality exceeds minimum specification
ROM purchase price	ROM cost above R214/t	Unprofitability of NEWCO / reduced ROI.	Leading up to the operational phase		Capitalise on existing relationships. Identify alternate sources of supply
NEWCO / IPC Service Level Agreement/s	Reliance on IPC for services such as power, water, discard disposal	Increased OPEX	Pre-implementation phase		Negotiate accepted benchmark rates
Land lease Agreement	IPC strong negotiating position	Increased OPEX	Pre-implementation phase		Negotiate accepted benchmark rates
Ability to raise capital	Time to finalise via Treasury	Delay to project	Pre-implementation phase		Demonstrate ROI is very good
COMMERCIAL					
Security of coal supply	Coal supply Agreements not renewed	No supply to Wash Plant	During Wash Plant operation		Alexkor to own and operate coal mines
NEWCO shareholders Agreement	IPC makes unreasonable demands	Delay to schedule	Pre-implementation phase		Initiate negotiations early, agree principles up-front
Reputational damage	IPC legal permitting not in place	Delays to project	Pre-implementation phase		Adhere to formal processes and legal compliance
Market competition	Competitors	Limited supply gap	Pre-implementation phase		SOC leverage over ESKOM / product quality

LEGAL / ENVIRONMENTAL PERMITTING					
IPC permitting	Required permits/s not in place	Project delay	Pre-implementation phase	Adhere to formal processes and legal compliance	Adhere to formal processes and legal compliance
Plant 2 Discard facility	Plant 1 discard dump legal compliance	Project delay	Pre-implementation phase		

RISK LEGEND:

	HIGH RISK
	INTERMEDIATE RISK
	LOW RISK

SUBSCRIPTION AGREEMENT

between

ALEXCOAL (PTY) LTD

(Registration No. _____)

("the Company")

and

ALEKOR SOC LIMITED

(Registration No. 1992/006368/30)

("Alexkor")

and

IPC BENEFICIATION (PTY) LTD

(Registration No. 2014/040098/07)

("IPC")



**MESSINA INC.
ATTORNEYS**

Initial

[Handwritten signature]

IT IS AGREED AS FOLLOWS:-**I Definitions**

In this Agreement unless clearly inconsistent with the text and meaning hereof: -

- | | | |
|------|---|---|
| 1.1 | Act shall mean | - the Companies Act, 71 of 2008, as amended; |
| 1.2 | Agreement shall mean | - this document, together with any Annexures thereto; |
| 1.3 | Alexkor shall mean | - Alexkor SOC Limited, a company duly incorporated in terms of the Republic of South Africa; |
| 1.4 | Board shall mean | - the board of directors of the Company, as constituted from time to time; |
| 1.5 | Business Day shall mean | - any day other than a Saturday, Sunday or an official public holiday; |
| 1.6 | the Company shall mean | - Alexcoal (Pty) Ltd, (registration number _____) a company duly incorporated in terms of the Republic of South Africa; |
| 1.7 | the Effective Date shall mean | - immediately upon the fulfilment or waiver, as the case may be, of the last of the conditions precedent to be fulfilled; |
| 1.8 | the Existing Authorised Shares shall mean | - one thousand (1000) ordinary shares of R1,00 (ONE RAND) each in the share capital of the Company; |
| 1.9 | the Existing Issued Shares shall mean | - one hundred (100) ordinary shares of R1,00 (ONE RAND) each in the share capital of the Company; |
| 1.10 | IPC shall mean | - IPC Beneficiation (Pty) Ltd (registration number 2014/040098/07); a company duly |

Initial



- incorporated in terms of the Republic of South Africa;
- 1.11 the Authorised Shares of the Company shall mean - the shares which are available for either subscription or issuing by the Company, but which have not as yet been subscribed for or issued. Issued shares, on the other hand, refer to shares which the Company has actually made available to shareholders for subscription;
- 1.12 Rand shall mean - South African Rand;
- 1.13 RSA shall mean - the Republic of South Africa;
- 1.14 Sale of Shares Agreement - the Sale of Shares Agreement in terms of which Alexkor purchases the Sale Shares from IPC;
- 1.15 Shareholders' Agreement shall mean - the Shareholders' Agreement entered into between IPC, Alexkor and the Company;
- 1.16 Subscription Price shall mean - R1,00 (ONE RAND);
- 1.17 Subscription Shares shall mean - 100 (one hundred) ordinary shares of no par value in the share capital of the Company;
- 1.18 in this Agreement wherever any number of days is prescribed, that number of days shall be calculated exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday.

2 RECORDAL OF THE SHARE STRUCTURE

The issued share capital consists of the Existing Authorised Shares and the Existing Issued Shares which have been issued to and fully subscribed for by IPC as follows:

- 2.1 IPC - 100 (One Hundred) ordinary shares,


Initial

resulting in the following initial shareholding:

- 2.2 IPC – 100% (One Hundred Percent).

3 CONDITIONS PRECEDENT

- 3.1 This Agreement is subject to the following conditions precedent, namely:

- 3.1.1 the signature of the Sale of Shares Agreement, its conditions being fulfilled, other than the condition that this Agreement is signed;
- 3.1.2 the signature of the Shareholders Agreement and its conditions being fulfilled;
- 3.1.3 the registration of the Company.


4 SUBSCRIPTION AND PAYMENT OF THE SUBSCRIPTION PRICE

- 4.1 On the Effective Date the Subscription Shares shall be subscribed for as follows:
- 4.1.1 IPC shall subscribe for 100 (One Hundred) Subscription Shares for a price of R1,00 (One Rand).


5 ALLOTMENT AND ISSUE OF SHARES

The Company shall, upon subscription by IPC for the Subscription Shares, allot and issue the Subscription Shares to IPC and deliver to IPC the share certificate in respect of the Subscription Shares.

6 SHAREHOLDING AFTER SUBSCRIPTION



Initial



5

- 6.1 The Parties record that, after the subscription referred to in clause 4 above, the issued shares in the Company shall be registered in the names of and beneficially owned as follows: -
- 6.1.1 IPC – 100 (One Hundred) ordinary shares constituting a 100% (One Hundred Percent) shareholding in the Company;
- 6.2 It is further recorded that the intention of the Parties, then, is that IPC sells a 55% (Fifty Five Percent) shareholding in the Company to Alexkor, in terms of the Sale of Shares Agreement.

7 CONFIDENTIALITY

- 7.1 The Parties undertake, to each other, during the duration of this Agreement and thereafter, should this Agreement be cancelled or terminated for whatsoever reason, to retain all information of a confidential nature relating to this Agreement and any other information of a confidential nature as strictly confidential and not to disclose such information to any party without the prior written consent of the other party which consent may be withheld for whatsoever reason.
- 7.2 The Parties undertake to ensure that all their employees, holding, subsidiary and associated companies are likewise bound by the confidentiality provisions of this Agreement.

8 SETTLEMENT OF DISPUTES

- 8.1 The Parties shall negotiate in good faith to settle any dispute that arises out of this Agreement.
- 8.2 In the event of the parties not being able to settle any dispute, either party may approach a court of competent jurisdiction.


Initial

- 8.3 In addition, the parties may agree to arbitration in accordance with the Arbitration Act 42 of 1965, and shall conclude a written agreement to arbitrate within 7 (seven) days of the dispute arising, which shall contain all the details of the arbitration process.

9 GENERAL

- 9.1 This Agreement contains the entire Agreement between the parties and no variation or consensual cancellation thereof shall be of any force or effect unless reduced to writing and signed by all the parties.
- 9.2 No indulgence granted by any party or failure to exercise such party's rights shall constitute a novation or waiver of the grantor's rights nor prevent the grantor from insisting on strict compliance by the other parties with his/its obligations in terms of this Agreement.
- 9.3 In the event of any term or condition contained in this Agreement being or becoming invalid or unenforceable for whatsoever reason such offending term or condition shall be severed from this Agreement and the remaining terms and conditions shall be binding on the parties hereto.
- 9.4 The parties respectively choose the following addresses as their chosen address for all purposes hereunder at :-
- 9.4.1 **The Company:**
- Physical: c/o Messina Incorporated
269 Oxford Road, Illovo
- Telefax: (011) 268 6179
- E-mail: carlo@messinainc.co.za
- 9.4.2 **Alexkor:**
- Physical: Woodlands Office Park



Initial

20 Woodlands Drive, Building 15
Woodmead, Johannesburg

Telefax: _____

E-mail: humphrey@alexkor.co.za

9.4.3 IPC:

Physical: _____

Telefax: _____

E-mail: _____

9.5 Any notice required to be given in terms of this Agreement shall be validly given if: -

9.5.1 delivered by hand to the addressee's chosen address, in which event it shall be deemed to have been received on the date of delivery; or

9.5.2 sent by registered post to the addressee's chosen address in which event it shall be deemed to have been received by the addressee five (5) days after having so been posted or by electronic mail; or

9.5.3 sent by telefax or by email address in which event it shall be deemed to have been received on the date of transmission, provided a hard copy thereof is, in addition to the telefax transmission, forwarded by registered post.

9.6 Any party may by notice to the other parties change the physical address chosen as its *domicilium citandi et executandi* to another physical address where postal delivery occurs or its postal address or its fax number or e-mail address, provided that the change shall become effective *vis-à-vis* that addressee on the 5th (fifth) business day from the receipt of the notice by the addressee.

Initial

- 9.7 The rights and obligations of any of the parties in terms of this Agreement shall not be ceded nor assigned to any other party without the prior written consent of the other parties to this Agreement.
- 9.8 Each party shall jointly contribute equally to the legal costs incurred in the negotiating, drafting and signature of this Agreement.
- 9.9 The legal costs incurred by any party in enforcing their rights in terms of this Agreement, shall be claimable against the other party on the scale as between the agreement between the successful party and its particular attorneys.
- 9.10 This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same Agreement as at the date of signature of the party that signs its counterpart last in time.

THUS DONE and SIGNED at _____ on this the _____ day of _____ 2017

AS WITNESSES:



- 1. _____
- 2. _____

For and on behalf of **ALEKKOR SOC LTD** who warrants his/her authority here to

THUS DONE and SIGNED at _____ on this the _____ day of _____ 2017

AS WITNESSES:

- 1. _____
- 2. _____


 Initial 

For and on behalf of **IPC
BENEFICIATION (PTY) LTD**
who warrants his/her authority hereto

THUS DONE and SIGNED at _____ on this the _____ day of _____ 2017

AS WITNESSES:

1. _____

2. _____

For and on behalf of **ALEXCOAL (PTY)
LTD** who warrants his/her authority
hereto

Initial

Handwritten signature and initials in black ink, consisting of a stylized name above the initials 'A' and 'J'.

SALE OF SHARES AGREEMENT

between

ALEKOR SOC LIMITED
(Registration No. 1992/006368/30)
("Alexkor")

and



IPC BENEFICIATION (PTY) LTD
(Registration No. 2014/040098/07)
("IPC")

in respect of the Sale Shares and Sale Claims of

ALEXCOAL (PTY) LTD
(Registration No. _____)
("the Company")



MESSINA INC.
ATTORNEYS



Initial

WHEREAS IPC is the owner of the Sale Shares and the Sale Claims;

AND WHEREAS IPC is able to sell the Sale Shares and cede the Sale Claims to Alexkor free from any encumbrances;

NOW THEREFORE Alexkor intends purchasing the Sale Shares and it is hereby agreed as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, unless inconsistent with the context, words referring to:

1.1.1 one gender include a reference to the other genders;

1.1.2 the singular includes the plural and vice versa;

1.1.3 natural persons include artificial persons and vice versa;

1.2 Corresponding meanings:

1.2.1 "the Act" means the Companies Act, 2008 (Act 71 of 2008);

1.2.2 "this Agreement" means this sale of shares agreement and all annexures hereto;

1.2.3 "Alexkor" means Alexkor SOC Limited;

1.2.4 "Alexkor's Attorneys" means Messina Incorporated or its nominee;

1.2.5 "the Auditors" means the Company's auditors or such auditors nominated by the Company from time to time;

1.2.6 "the Company" means Alexcoal (Pty) Ltd, Registration number:
_____;

1.2.7 "Completion Date" means the date of the Auditors' certification of the NPAT for the First Period and Second Period; alternatively the date of the finalisation of any

Initial



- dispute in terms of the Auditors' certification in terms of clause 6 below; as the case may be;
- 1.2.8 "the Effective Date" means the date of this Agreement becoming unconditional;
- 1.2.9 "the Effective Financial Statements" means the trial balance and balance sheet as determined by the Auditors
- 1.2.10 "Entire Period" means the combined First Period and Second Period;
- 1.2.11 "First Period" means the period from _____ until _____.
- 1.2.12 "First Payment Date" means _____;
- 1.2.13 "Memorandum of Incorporation" means the Memorandum of Incorporation of the Company;
- 1.2.14 "NAV" means the net asset value of the Company, as determined by the Auditors;
- 1.2.15 "NPAT" means the audited consolidated net profit after taxation of the business of the Company, determined in accordance with generally accepted accounting principles, earned by the Company during the First Period, the Second Period and the Entire Period as the case may be. In the determination of the net profit after taxation, the monthly overhead costs shall be no more than that which IPC currently incur each month;
- 1.2.16 "Nominated Bank Account" means IPC' nominated bank accounts;
- 1.2.17 "Party" means IPC, Alexkor or the Company as the case may appear from the context. Collectively "Parties" shall mean Alexkor, IPC and the Company collectively;
- 1.2.18 "the Sale Claims" means all claims of whatsoever nature and howsoever arising which IPC may have against the Company;


Initial



- 1.2.19 "the Sale Shares" means 100% (one hundred percent) of the entire issued share capital of the Company;
- 1.2.20 "Second Period" means the period from _____ until _____;
- 1.2.21 "IPC" means IPC Beneficiation (Pty) Ltd;
- 1.2.22 "Shareholders Agreement" means the Shareholders Agreement in respect of the Company signed between the Parties;
- 1.2.23 "the Signature Date" means the date of signature of this Agreement by the last signing of the Parties;
- 1.2.24 "Suspensive Conditions" means the Suspensive Conditions in clause 3;
- 1.2.25 "Transfer Date" means, in respect of each particular transfer of shares, the date upon which that particular number of shares is transferred to Alexkor;
- 1.3 When any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday;
- 1.4 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

2. SALE

- 2.1 As at the Signature Date, IPC owns 100% of the Sale Shares.
- 2.2 Subject to the provisions of clause 3, IPC sells to Alexkor, which purchases the Sale Shares and Sale Claims as an indivisible transaction, starting from the Effective Date, on the terms and conditions set out in this Agreement.


Initial

3. SUSPENSIVE CONDITIONS

3.1 The operation of this Agreement is subject to the fulfilment of the following Suspensive Conditions :

3.1.1 The written approval of Alexkor's Board of Directors;

3.1.2 The passing of a special resolution by IPC in terms of section 112 read together with section 115 of the Act in respect of the sale contemplated in this Agreement, and a certified copy of such resolution having been delivered to Alexkor;

3.1.3 The signature and fulfilment of the Shareholders Agreement.

4. PURCHASE PRICE

The purchase price for the Sale Shares and Sale Claims shall be calculated and paid in accordance with the provisions of clause 5.

5. CALCULATION AND PAYMENT OF THE PURCHASE PRICE

5.1 Subject to the fulfilment of the Suspensive Conditions contained in clause 3 above, the purchase price shall be paid by Alexkor to IPC, as follows:

5.1.1 The total purchase price for the Shares shall be R _____.

5.1.2 R50 000 000 (Fifty Million Rand) shall be paid by Alexkor on the First Payment Date.

5.1.3 Upon payment of the amount of R50 000 000 (Fifty Million Rand), IPC shall transfer the number of shares required for Alexkor to obtain a 55% (Fifty Five Percent) shareholding in the Company.

5.1.4 Thereafter, Alexkor shall acquire the remainder of the shares held by IPC as follows:

5.1.4.1 In the event that the NPAT for the First Period is certified by the

Initial



Auditors in terms of clause 6 in an amount of at least R _____ (_____), then Alexkor shall, within 30 (thirty) days of the Auditors' certification (or, as the case may be, after finalization of any dispute) pay to IPC an amount of R _____ (_____), and shall acquire ____% (_____) shareholding;

5.1.4.2 Where the First Periods certified in NPAT is less than R _____ (_____), Alexkor shall only pay the pro rata price to the certified NPAT achieved in the First Period, as a percentage of such certified NPAT. By way of example, if 50% (Fifty Percent) of the NPAT for the First Period is achieved, then IPC shall be entitled to payment of only 50% (Fifty Percent) of the cash as specified in clause 5.1.4.1 above, and to the transfer of 50% (Fifty Percent) of the number of Shares;

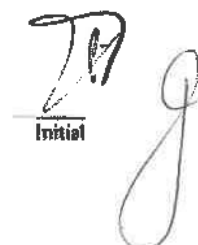
5.1.4.3 The provisions above shall apply *mutatis mutandis* to the Second Period (and third depending on the number of tranches, to be advised) above, save that the required NPAT's shall be as follows:-

5.1.4.3.1 Second Period; [number of tranches to be advised]

5.1.4.3.2 Third Period; [number of tranches to be advised]

5.1.4.3.3 Fourth Period. [number of tranches to be advised]

5.2 If, during the First Period and/or the Second Period (or Third, as the case may be), Alexkor establishes that the Company is sustaining continued losses, being material accumulated losses for any consecutive four month period, which losses in Alexkor's reasonable discretion may continue during the First Period and/ or the Second Period, where applicable, then Alexkor shall be entitled to, without prejudice to any other remedy which Alexkor may have in law:



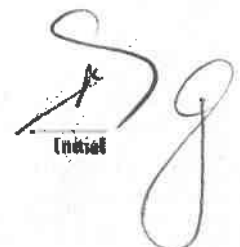
Initial

- 5.2.1 cancel this Agreement; and
- 5.2.2 recover from IPC all cash already paid towards the purchase price, and/or;
- 5.2.3 claim any amounts paid in terms of the ordinary and normal course of the business of the Company by Alexkor on behalf of IPC, as pre-estimated damages;

against the return of the Sale Shares.

6. PROFIT IN THE WARRANTY PERIOD

- 6.1 Alexkor shall within 7 (seven) days of the finalisation of the management accounts of the business of the Company for each of the First Period and Second Period, instruct the Auditors in each instance to determine and certify the NPAT in accordance with the provisions of this Agreement;
- 6.2 The Auditors shall determine and certify the NPAT for the First Period, Second Period and Entire Period as soon as possible after the expiry of the First Period and Second Period respectively. Copies of the Auditors' certificate shall be delivered to the Parties forthwith upon preparation. Either Alexkor or IPC shall be entitled to review and verify the certificate and the calculations of the Auditors and to object to the Auditors' certificate by giving written notice to the other Party within 14 (fourteen) days of receipt thereof, in which case the NPAT for the First Period, the Second Period and the Entire Period shall be determined by an independent auditor appointed, in the absence of agreement, by the President for the time being of the South African Institute of Chartered Accountants or its successor body, who shall act as an expert and not as an arbitrator, whose decision shall be final and binding on the Parties and who shall in addition, determine who shall bear the costs of disputing the auditor's certificate;
- 6.3 In the absence of a written objection to the auditor's certificate in terms of clause 6.2 above, the auditor's certificate will be final and binding on the Parties.



Initial

7. **RISK**

Subject to the fulfilment of the Suspensive Conditions contained in clause 3 the risk in and the benefit of the Sale Shares and Sale Claims shall be deemed to have passed to Alexkor on the Effective Date. [Drafting Note: Risk to pass on each tranche]

8. **CESSION OF THE SALE SHARES AND SALE CLAIMS**

8.1 On the Transfer Date the Sale Shares and Sale Claims shall *de facto* cede to Alexkor without anything further;

8.2 Within 7 (seven) days of the Transfer Date IPC shall deliver to Alexkor the following documents as evidence of the cession as aforesaid:

8.2.1 share certificates in respect of the Sale Shares, accompanied by share transfer forms signed and dated that day by IPC in blank as to transferee;

8.2.2 the written resignation of the current directors of the Company, if required by Alexkor;

8.2.3 certified copies of such shareholders' and/or directors' resolutions in order to give effect to this Agreement;

8.2.4 and such other documents as may be necessary to evidence the cession of the Sale Shares and Sale Claims to Alexkor, and to waive any pre-emptive or other rights which IPC or any other person may have in relation to any of the Sale Shares and/or Sale Claims.

9. **WARRANTIES**

9.1 IPC warrant to Alexkor that:

9.1.1 It is the sole beneficial and registered owner of the Sale Shares;

9.1.2 It is entitled and able to give free and unencumbered title to the Sale Shares in

Initial



accordance with this Agreement;

9.1.3 no person or entity has any existing or will have any future right (including option or right of first refusal) to acquire any of the Safe Shares;

9.2 Each warranty shall be deemed to be material and to be a material representation inducing Alexkor to enter into this Agreement;

9.3 IPC indemnifies and holds Alexkor harmless from and against any loss, damages, claims, actions or expenses of any nature whatsoever and howsoever incurred, which are suffered or sustained by or brought against Alexkor pursuant to any breach of any of the warranties contained in this clause.

10. BREACH

10.1 If either Party ("the defaulting Party") breaches any provision of this Agreement and remains in breach for 10 (ten) days after receipt of written notice from the aggrieved Party requiring it to rectify the breach, the aggrieved Party shall be entitled at its option (and without prejudice to any other rights that it may have at law):

10.1.1 to sue for specific performance of the defaulting Party's obligations under this Agreement; or

10.1.2 to cancel the sale by notice in writing to the defaulting Party;

in either event without prejudice to the aggrieved Party's right to claim damages;

10.2 A Party aggrieved by any breach of any provision of this Agreement by another Party shall only be entitled to cancel this Agreement if such breach is a material breach of the provisions of this Agreement which goes to the root of this Agreement and the defaulting Party fails to remedy such breach during the relevant 14 (fourteen) day period referred to in 10.1.

Initial



11. DOMICILIUM AND NOTICES

11.1 The Parties to this Agreement hereby select their respective *domicilia citandi et executandi* for all purposes in terms of this Agreement and/or any claim arising pursuant hereto as follows:

11.1.1 Alexkor:

Physical: Woodlands Office Park, 20 Woodlands Drive,
Building 15, Woodmead, Johannesburg

Telefax: _____

E-mail: humphrey@alexkor.co.za

11.1.2 IPC:

Physical: _____

Fax No.: _____

Email: _____

11.1.3 The Company:

Physical: c/o Messina Incorporated, 269 Oxford Road, Illovo

Fax No.: (011) 268 6179

Email: carlo@messinainc.co.za

11.2 Any party may, by written notice to the other party, change its domicilium to another address in the Republic of South Africa. Such change shall only be effective upon receipt of such notice in writing by the other party.

11.3 All notices, demands, communications or payments intended for any Party shall be made or given at such Party's domicilium for the time being.

Initial 

11.4 A notice sent by one Party to another Party shall be deemed to be received:

11.4.1 On the same day, if delivered by hand;

11.4.2 On the same day of transmission if sent by electronic mail;

11.4.3 On the fifth day after posting, if sent by prepaid registered mail.

11.5 Notwithstanding anything to the contrary herein, a written notice actually received by a Party shall be valid and effective as if it had been addressed to such Party's chosen domicile from time to time.

12. DISPUTE RESOLUTION

12.1 The Parties shall negotiate in good faith to settle any dispute that arises out of this Agreement.

12.2 In the event of the Parties not being able to settle any dispute, either party may approach a court of competent jurisdiction.

12.3 In addition, the Parties may agree to arbitration in accordance with the Arbitration Act 42 of 1965, and shall conclude a written agreement to arbitrate within 7 (seven) days of the dispute arising, which shall contain all the details of the arbitration process.

13. WHOLE AGREEMENT

This Agreement contains all the express provisions agreed on by the Parties with regard to the subject matter of the Agreement, and the Parties waive the right to rely on any alleged provision not expressly contained in this Agreement, or in any written addendum or amendment hereto.

14. NON-WAIVER

No Party shall be regarded as having waived, or be precluded in any way from exercising, from any right under or arising from this Agreement by reason of such Party's having at any time granted any extension of time for, or having shown any indulgence to another Party with reference to, any payment or performance hereunder, or having failed to enforce, or delayed in

Initial



the enforcement of, any right of action against any other Party, unless reduced to writing and signed by both Parties.

15. CESSION

Notwithstanding anything contained in this Agreement, neither Party shall be entitled to cede, assign or otherwise transfer its right, title and interest in and to this Agreement to any other Party.

16. APPLICABLE LAW

This Agreement shall be interpreted and implemented in accordance with the law of the Republic of South Africa.

17. COSTS

17.1 Each Party shall bear that Party's own legal costs of and incidental to the negotiation, preparation, settling, signing and implementation of this Agreement.

17.2 The legal costs incurred by either party in enforcing its rights in terms of this Agreement, shall be claimable against the other party, on the attorney and client scale.


THUS DONE and SIGNED at _____ on this the _____ day of _____ 2017

AS WITNESSES:

1. _____

2. _____

For and on behalf of ALEXKOR SOC LTD who warrants his/her authority hereto


Initial

THUS DONE and SIGNED at _____ on this the _____ day of _____ 2017

AS WITNESSES:

1. _____

2. _____

For and on behalf of **IPC**
BENEFICIATION (PTY) LTD
who warrants his/her authority hereto

THUS DONE and SIGNED at _____ on this the _____ day of _____ 2017

AS WITNESSES:

1. _____

2. _____

For and on behalf of **ALEXCOAL (PTY)**
LTD who warrants his/her authority
hereto


Initial

AGREEMENT No: FA/ALEKKOR

between

ALEXCOAL (PROPRIETARY) LIMITED
(Registration No. [REDACTED])

a private company registered in the Republic of South Africa and herein represented by Mr Paul Erskine and Humphrey Mokwena, he being duly authorised thereto in his capacity as Director

(hereinafter referred to as the "Client")

and

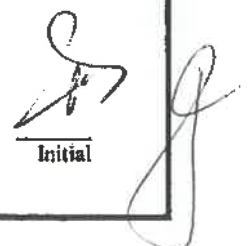
FRASER ALEXANDER MINERAL PROCESSING

a division of

FRASER ALEXANDER (PROPRIETARY) LIMITED
(Registration No. 2005/028043/07)

a private company registered in the Republic of South Africa and represented herein by RICHARD ASTON, he being duly authorised thereto in his capacity as Executive Head of Fraser Alexander Mineral Processing, a Division of Fraser Alexander (Pty) Ltd.



(hereinafter referred to as the "Contractor")

**MESSINA INC.**
ATTORNEYS
Initial

INDEX	Page Number
1. INTERPRETATION	1 - 2
2. DEFINITIONS OF TERMS	2 - 3
3. PREAMBLE	3
4. APPOINTMENT	3
5. DURATION	4
6. TERMINATION BY CLIENT	5
7. TERMINATION BY CONTRACTOR	5 - 6
8. SCOPE OF CONTRACTOR'S WORK	6 - 9
9. SITE ESTABLISHMENT	9 - 10
10. CLEARANCE	10
11. REFUSE	10
12. CONTRACT MANAGER	10
13. QUANTITY USED	11
14. PENALTIES	11
15. INVOICING AND STATEMENT OF PAYMENT	12
16. METHOD OF PAYMENT	12 - 13
17. PRICES	13 - 14
18. RISK AND TITLE	15
19. ADDITIONAL SERVICES	15
20. RULES OF CONDUCT AND SAFETY	15
21. LIMITATION OF LIABILITY	15 - 16
22. BREACH	16
23. CESSION DELEGATION	17
24. DISPUTE RESOLUTION	17 - 18
25. <i>DOMICILIUM CITANDI ET EXECUTANDI</i>	18 - 19
26. SIMRAC	20
27. WARRANTY BY CONTRACTOR	20
28. INSURANCE	21
29. PAYMENT GUARANTEE	21
30. MISCELLANEOUS	21 - 23
SIGNATURES	24

ANNEXURES



ANNEXURE A	Compensation Payable on Termination
ANNEXURE B	Area Map
ANNEXURE C	Not applicable
ANNEXURE D	Battery Limits and Scope of Work


 Initial


1. INTERPRETATION

1.1 In this Agreement:

- 1.1.1 clause headings are for reference purposes only and shall not influence its interpretation;
- 1.1.2 the Parties shall, whenever necessary or appropriate, be referred to by their designations contained in the citation of the Parties above;
- 1.1.3 references to the masculine gender shall, where applicable, include the feminine gender and neuter and *vice versa*;
- 1.1.4 references to the singular shall, where applicable, include the plural and *vice versa*;
- 1.1.5 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, notwithstanding that it is only in the definition clause, effect shall be given to it as if it were a substantive provision in the body of the Agreement;
- 1.1.6 where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail;
- 1.1.7 expressions defined in this Agreement shall bear the same meanings in schedules or annexures to this Agreement that do not themselves contain their own definitions;
- 1.1.8 references to day, month or year shall be construed as calendar day, month or year;
- 1.1.9 all schedules and annexures hereto shall be deemed to be incorporated herein and shall form an integral part hereof;
- 1.1.10 where a number of days are prescribed, it shall consist of business days exclusive of Saturdays, Sundays and Public Holidays and shall be reckoned exclusively of the first day and inclusively of the last day;
- 1.1.11 where the day upon or by which any act is required to be performed is not a business day; the Parties shall be deemed to have intended such act to be

 
Initial

performed upon or by the first business day thereafter;

- 1.1.12 all of the terms and clauses of this Agreement shall be deemed to be material terms or clauses of this Agreement.

2. DEFINITIONS OF TERMS

2.1	"Agreement"	means this signed agreement as amended from time to time in terms of the Agreement with all its annexures, together with other documents which the Parties have agreed shall form part of this Agreement;
2.2	"Base Month"	means the base month as per the tender, being January 2015.
2.3	"Client"	means Alexcoal (Pty) Ltd, a private company with limited liability incorporated in terms of the Companies Act of the Republic of South Africa with registration number
2.4	"Commission"	means commissioning of the Contract Works;
2.5	"Commissioning Date"	Means the date when the Contract Works is commissioned to toll treat the first ton of coal through the Contract Works at the Mine.
2.6	"Contract Works"	means the 300 ton per hour dense media separation beneficiation plant, as further described in Annexure D, situated at the Mine that is to be operated and maintained by the Contractor in order to comply with its obligations in terms of this Agreement;
2.7	"Contractor"	means Fraser Alexander Mineral Processing, a division of Fraser Alexander (Proprietary) Limited, a private company with limited liability incorporated in terms of the Companies Act of the Republic of South Africa with registration number 2005/028043/07;
2.8	"Effective Date"	means, notwithstanding the Signature Date, the date the tender for the Contract Works was awarded to the Contractor, 15 th April 2015;
2.9	"Extended Term"	means extension to the contract terms agreed between the Parties in terms of the Agreement;
2.10	"Initial Term"	means the 84 month period commencing on the

	Commissioning Date;
2.11 "Mine"	means the Elandspruit Coal Mine, situated outside Middleburg, Mpumalanga, South Africa;
2.12 "Parties"	means the Client and the Contractor;
2.13 "Party"	means the Client or the Contractor;
2.14 "Point of Delivery"	means the receiving area at the Mine as notified in writing by the Client to the Contractor from time to time;
2.15 "Signature Date"	means the date on which the last Party signs this Agreement;
2.16 "Specifications"	means the technical specifications of the Contract Works set out in clause 5 of this Agreement;
2.17 "VAT"	means Value Added Tax, a tax payable in terms of the Value Added Tax Act No 89 of 1991, as amended.

3. PREAMBLE

- 3.1 The Client needs an Operator to operate and maintain the Contract Works on his behalf at the Mine.
- 3.2 The Contractor is willing and able to operate and maintain the Contract Works at the Mine.
- 3.3 The Parties agree to the terms and conditions set out in this Agreement

4. APPOINTMENT

The Client hereby appoints the Contractor to operate and maintain the Contract Works and to toll treat the Client's coal in terms of the Contract Works at the Mine, which toll treated coal must comply with the Specifications set out in this Agreement, and the Contractor accepts such appointment.

5. DURATION

- 5.1 This Agreement commences on the Effective date and for a further period of (36) thirty six months from the Commissioning Date (the "Initial Term"), subject to the Parties' right to extend or terminate this Agreement in accordance with clauses 5, 6

Initial

and 7 hereof.

- 5.2 Should the Agreement not be terminated during the Initial Term, the Client will have the right to request that the Initial Term be extended. Should the client wish to exercise this right, the Client shall give three months' written notice to the Contractor prior to the end of the Initial Term, requesting that the Agreement be extended for a further term to be agreed between the Parties. Should the Parties agree to extend the Agreement for a further term, they shall negotiate a revised rate structure for the Extended Term. During the extended term, the same conditions for early termination shall apply as during the Initial Term.
- 5.3 Should the Client fail to give notice to extend this Agreement in terms of this clause 5, the Agreement shall terminate at the end of the Initial Term.
- 5.4 If the Agreement is terminated due to a breach as set out in clause 22, the conditions of clause 24 will apply.

6. TERMINATION BY THE CLIENT

- 6.1 Upon 1 (one) calendar month's written notice to the Contractor, the Client may terminate this Agreement subsequent to the Effective Date but before the Commissioning Date. In such circumstances, the Contractor will require the Client to compensate the Contractor for such early termination by delivering an invoice to the Client for payment of all amounts paid or payable by the Contractor in terms of its contractual obligations to its suppliers of goods and/or services plus an additional 20% (twenty percent) and VAT.
- 6.2 Upon 3 (three) calendar months' written notice to the Contractor, the Client may terminate the Agreement subsequent to the Commissioning Date. In such circumstances, the Contractor will require the Client to compensate the Contractor for early termination.
- 6.3 In compensation for early termination of the Agreement, the Client shall pay the Contractor the compensation payable on the effective termination date as per the schedule contained in Annexure "A". The compensation shall exclude VAT. The Contractor shall invoice the Client for the said compensation and the Client shall pay the Contractor within 30 (thirty) days from the date of such invoice.

initial



7. TERMINATION BY THE CONTRACTOR

Upon 3 (three) calendar months' written notice to the Client, the Contractor may terminate the Agreement subsequent to the Commissioning Date.

8. SCOPE OF CONTRACTOR'S WORK UNDER THIS AGREEMENT

8.1 The Contractor shall operate and maintain the Contract Works at the Mine to toll treat the coal to comply with the Specifications. The Scope of Work and Battery Limits are contained in Annexure D.

8.2 The Contractor will be required to:

8.2.1 prepare the Coal for Plant feed and toll treat the coal to produce the product as specified by the Client. A maximum of 5% (five percent) displaced product in the discard, measured as a percentage of the ROM feed will be allowed;

8.2.2 deliver the toll treated coal from the Contract Works onto the product and discard conveyors respectively;

8.2.3 supply all spares, Magnetite and flocculants required to toll treat the coal to specification;

8.2.4 supply, operate and maintain the measuring scales on the feed, product and discard conveyors;

8.2.5 comply with the Mine Health, Safety and environmental standards of the Mine;

8.2.7 at all times ensure that the Contract Works is of good quality and standard and that the Coal is treated in accordance with the specifications;

8.2.8 comply with all of the Client's security rules, regulations and practices as imposed from time to time.

8.3 The Mine will supply the following:

8.3.1 The Coal to be treated, as per the agreed specifications. This will be delivered at the Works feed point by third parties employed by the Client;

Initial

- 8.3.2 Electricity will be supplied free of charge by the Client;
- 8.3.3 Process water of suitable quality as agreed, delivered to the raw water make up tank at the Plant.
- 8.4 The Mine's laboratory will collect and analyse all the production samples from the automatic samplers. The results will be reported on a two hour cycle by the Client to the Contractor.
- 8.5 **Performance Measurement and Criteria**
- 8.5.1 Contract Works availability:
- 8.5.1.1 The Contract Works must be available for at least 85% of the time and the target maintenance availability and utilization of maintenance availability must be 90% (Ninety Percent);
- 8.5.1.2 The Contract Works must be available for at least 500 (five hundred) hours per month should the Contract Works operate on four (4) shifts per day, i.e. 24 hours per day for seven days per week. If the Contract Works operates for less than 24 hours per day the 500 hours per month will be adjusted.
- 8.5.2 Contract Works and Quality performance:
- 8.5.2.1 Two hourly composite samples will be taken on the toll treated coal from the Contract Works;
- 8.5.2.2 Eight hourly composite samples will be taken on the toll treated coal from the Contract Works;
- 8.5.2.3 One day composite samples will be taken on the discard from the Contract Works;
- 8.5.2.4 The toll treated coal samples will be analysed for proximate content of Sulphur and Calorific values;
- 8.5.2.5 the feed and discard samples will be analysed for proximate content of Sulphur and Calorific values;



Initial



- 8.5.2.6 Instantaneous yield of the plant as well as daily and shift reports will be drawn from the Contract Works by Contractor's personnel on a daily basis and reported daily to the Mine before close of business;
- 8.5.2.7 Deviations from the targeted qualities and yield must be managed on-time by the Contractor's personnel using grab samples for sink-float tests;
- 8.5.2.8 The Contractor will be allowed to take special samples at any time to assure the efficiency of the Contract Works;
- 8.5.2.9 Efficiency testing must be done on a bi-monthly basis at the Contractor's own cost.

9. SITE ESTABLISHMENT

9.1 Accommodation

- 9.1.1 The Contractor shall provide accommodation for his Employees at his cost. This accommodation will not be on the Client's premises.

9.2 Water

- 9.2.1 The Client will provide raw water for the use of the Contract Works free of charge at the Plant raw water tank and potable water to the offices and stores. The raw water will be of a quality as agreed between the Parties.
- 9.2.2 If, in the opinion of the Client, the Contractor is misusing or unduly wasting water, the Client, after pointing this out to the Contractor, may require the Contractor to rectify the situation with immediate effect.

9.3 Electricity

- 9.3.1 The Client will supply Electricity for the use of the Contract Works free of charge. If, in the opinion of the Client, the Contractor is misusing or unduly wasting Electricity the Client, after pointing this out to the Contractor, may require the Contractor to rectify the situation with immediate effect.

9.4 Sheds and/or Fencing

- 9.4.1 The Contractor shall provide, erect, move and re-erect as necessary and maintain

7
Initial



ample temporary sheds and/or fencing for the proper storage of his materials, tools and other equipment.

9.4.2 The Client will provide sufficient space for the contractor to erect sheds and/or fencing within the area as indicated by the Client on the map attached hereto as Annexure "B".

9.5 Offices

9.5.1 The Contractor shall provide, erect, move and re-erect as necessary and maintain temporary offices for the Contractor's own use within the area as indicated by the Client on the map attached hereto as Annexure "B".

9.5.2 For the duration of this Agreement, the Contractor shall take full responsibility for the care and maintenance of all office facilities used by him and in case of any damage or loss shall occur to the office facilities used by him, the Contractor shall at his own cost, repair and make good the same so that at termination of the Agreement the office facilities used by him shall be in good order and condition and in conformity in every respect with the condition in which the Contractor received the same, if applicable.

9.6 Temporary Latrines

9.6.1 The Contractor shall provide temporary latrines for the Contractor's own use within the area as indicated by the Client on the map attached hereto as Annexure "B".

10. **CLEARANCE**

10.1 All structures, including fencing, housing and latrines erected by the Contractor in terms of this Agreement shall be removed by the Contractor within ninety (90) days of termination of this Agreement at his cost, unless otherwise agreed with the Client in writing.

11. **REFUSE**

11.1 The Contractor shall ensure that any area on the Client's premises allocated to it for the Contract Works, sheds or fencing, offices and latrines, is cleared of scrap

equipment, debris, refuse and spillages at weekly intervals or sooner as may be required in the interest of good hygiene and must comply with the Client's waste management procedure.

12. CONTRACT MANAGER

- 12.1 The Contractor shall appoint a contract manager who shall be responsible and ensure compliance with the terms of this Agreement by and on behalf of the Contractor. He shall apply adequate supervision, liaise with the Client's personnel and be available for liaison purposes at all reasonable times.
- 12.2 The appointed contract manager must meet with the Client's safety section as often as may be required by the Client in order to discuss safety problems. The Contractor, with all employees on site, must attend the Client's weekly safety meetings at the Mine.

13. QUANTITY USED

- 13.1 Approximately 140 000 tons of coal feed stock per month will be provided by the Client for toll treatment in terms of this Agreement. Subject to 14 below, no undertaking or warranty whatsoever is given by the Client that any minimum quantity of tonnages will be provided in a specific financial year or for the duration of this Agreement.

14. PENALTIES

- 14.1 Should the Contractor be unable to use (make available?) the Contract Works for 500 hours per month, provided that such unavailability was not caused by the Client's inability to supply water, electricity or diesel to the Contract Works for any reason whatsoever, a penalty will be imposed, calculated on the following basis:

$P = F - (F \times AH / TH)$, where:

P = Penalty payable

F = Fixed monthly charge by the Contractor

AH = Actual hours available

TH = Targeted hours of availability (500 hours)

- 14.2 All costs, penalties, damages, compensation or expenses which the Client may have claimed or may have paid, for which the Contractor is liable under this Agreement, may be deducted by the Client from any monies due or becoming due by it to the Contractor under this Agreement, and/or may be recovered by action of law or otherwise from the Contractor provided that the Client has provided the Contractor with documentary proof of any amounts deducted.
- 14.3 It is agreed that this clause does not waive the Client's right to other remedies available to him in terms of this Agreement.

15. INVOICING AND STATEMENT OF PAYMENT

- 15.1 Original VAT invoices, which the Contractor warrants shall comply with all applicable legislation, will be despatched to the Client by the Contractor.

Such invoices will be addressed to:

2nd floor

Block 15

Woodlands Office Park

Woodmead

- 15.2 The Contractor will, in addition, present the Client with a statement of account at the end of each month, reflecting each and every invoice forwarded to the Client during the course of the relevant month.

16. METHOD OF PAYMENT

- 16.1 Payment shall only be effected by means of electronic transfer of funds and no payments by cheque or cash will be permitted or accepted. The Contractor shall make reference to the applicable banking details on all invoices to be submitted;
- 16.2 Payment will be made to the Contractor after the invoice approval of every month's production;

Handwritten signature and initials in the bottom right corner of the page.

- 16.3 The Client will be liable to pay the fixed monthly price per clause 17.2.1, plus the variable charge per clause 17.2.2 for tonnages actually fed into the Contract Works and approved by the Client;
- 16.4 The Client will pay the Contractor by not later than first (1st) day of the month following the month in which the Client received the monthly invoices, provided that monthly invoices shall in all instances reach the Client no later than the 20th (twentieth) day of the month following the month in which the monthly production statistics were delivered to and accepted by the Client. The Client will only be liable to pay monthly invoices actually received and approved by the Client.
- 16.5 Should payment be delayed by the Client through no fault of the Contractor, interest shall be charged at the prime overdraft rate charged by Standard Bank Limited on outstanding amounts owed by the Client to the Contractor and not paid in accordance with the provisions of this clause 16. Such interest will be calculated on a NACM basis for the period outstanding in excess of the terms and conditions of this clause 16.

17. PRICES

- 17.1 The site establishment cost of R 1 120 657.00 (One million one hundred and twenty thousand six hundred and fifty seven rand) is a once off payment at the start of the Contract and is payable upon commissioning of the Plant.
- 17.2 The Client shall pay to the Contractor the following prices per month:
- 17.2.1 Fixed Monthly Price: R 2 362 827.00
- 17.2.2 Variable cost: R9.36/feed ton
- 17.3 The prices listed in clause 17.2.1 and 17.2.2 shall remain fixed for one year and will thereafter be adjusted annually on anniversary of the Base Month.
- 17.4 The prices listed in 17.2.1 and 17.2.2 above are exclusive of VAT and the VAT portion will be shown separately on all invoices calculated in terms of Act 89 of 1991 as amended from time to time;
- 17.5 Any price adjustment in terms of clause 17.3 shall be submitted in writing, at least thirty (30) days prior to the intended implementation thereof to the Client in



accordance with the provisions of clause 17.6 below which shall be followed by negotiations between the Parties;

17.6 The following information is to be submitted to the Client with every price adjustment in terms of this agreement:

17.6.1 a proposed price list containing the proposed new prices;

17.6.2 reasons and motivation for the price change;

17.6.3 the percentage price adjustment.

17.7 Failure to furnish all the above information shall result in the starting date being delayed to the date of actual receipt by the Client of all the information.

17.8 Any price adjustment will become effective after written agreement between the Parties and the issue of an official modification to this Agreement by the Client. Subject to 16.5 above, price adjustments will run from the anniversary of the Base Month annually irrespective of the date of the issue of the official modification referred to above.

17.9 For the avoidance of doubt, the Parties agree that, pending agreement on any rate or price adjustment or the resolution of any dispute resulting from the failure to agree on such adjustment, the current prices shall apply and the Contractor shall continue to supply, operate and maintain the Contract Works at the current price or rate being the price or rate prior to the application for adjustment of price or rate pending the resolution of any dispute becoming effective in terms of this clause 17.

17.10 Should the Client wish to dispute the price adjustment, the procedure set out in clause 24 shall be followed.

17.11 Cost Breakdown

17.11.1 The cost breakdown is as follows:

Components of the Cost Breakdown	% Contribution to the total tariff
a = Labour portion	65%

12

Initial

A large handwritten signature is written over the 'Initial' label. The signature appears to be a stylized 'S' or 'G' with a long vertical stroke extending downwards.

b = Magnetite	6%
c = Spares	29%
Total (a-c)	100%

17.11.2

The components for the formula to determine the factor are as follows:

$$\text{Factor, } f = [a * Lt/100] + (b * Mt/100) + (c * St/100) - 1]$$

Where:

Lt = Actual Labour Increase as per the Contractor's Labour agreement

Mt= Actual Magnetite increase as per Supplier

St= CPI

17.11.3

The above breakdown shall form the basis for any adjustment in the price modification of the above breakdown may be considered if the Contractor advises the Client in writing of any change in the cost breakdown proportions of the price set out above.

18. RISK AND TITLE

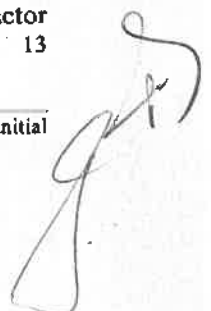
Subject to Conditions of Contract for Early Termination and clause 22.3 the risk of loss to the Contract Works shall remain with the Client.

19. ADDITIONAL SERVICES

The Client shall have the right to request the Contractor in writing to perform services that are in addition to the contract and the Contractor, subject to agreement on the payment for such extra services, may agree in writing to perform such extra services. The Contractor

13

Initial



shall not unreasonably withhold such agreement.

20. RULES OF CONDUCT AND SAFETY

- 20.1 It is recorded that the Contractor has availed itself beforehand of the geographical location of the Mine and the area identified for the Contract Works and that it will, as from the Effective Date, be capable and equipped to comply with the terms and conditions of this Agreement.
- 20.2 By virtue of this Agreement, the Contractor and its employees are hereby granted permission to enter the Mine subject to such precautionary measures as may be deemed necessary or be determined from time to time, for the protection of life and assets on the Mine.
- 20.3 The admission of the Contractor to the Mine is subject to the provisions of the applicable safety legislation and regulations that will apply to the Contractor or any of its employees and which the Contractor and persons mentioned herein guarantees knowledge of and adherence to.

21. LIMITATION OF LIABILITY

- 21.1 The Contractor hereby indemnifies the Client, its employees, directors, associated and holding companies from and against any and all liabilities, losses, claims and demands, including legal fees and expenses of whatsoever nature or character, by reason of any liability imposed or claimed to be imposed upon the Client by any third party as a result of any negligence of the Contractor in respect of:
- 21.1.1 damages arising from bodily injuries; sickness, disease or death;
- 21.1.2 damage to property;
- 21.1.3 any other losses or damages to the extent that such bodily injuries, property damage, losses or other damages which arise out of or relate to the criminal conduct, wilful misconduct or negligence of the Contractor in the performance of its obligations in terms of this Agreement;
- 21.2 A Party shall not be liable for any injury or death of persons caused by the other Party or employees of that other Party by virtue of the existence of this Agreement, save where such injury, death or loss is caused by the wilful or negligent conduct of such

Handwritten initials and a signature in the bottom right corner of the page.

other Party or its employee.

- 21.3 Neither Party shall be liable to the other Party in any circumstances for any consequential loss.

22. BREACH

- 22.1 If any of the Parties commits a breach of any of the provisions of this Agreement, all of which are deemed to be material, and the breach is capable of remedy, the other Party may call in writing on the Party in breach to remedy the breach within a period of 14 (fourteen) days.

- 22.2 If the breach remains unremedied after the aforesaid notice period has expired, the Party not in breach will be entitled, but not compelled and without prejudice to any of its other rights, to:

22.2.1 claim specific performance; or

22.2.2 terminate this Agreement with immediate effect on written notice to the Party in breach; and/or

22.2.3 to re-contract with any other person or persons or to employ other workmen to provide such services as it may think fit to make good such default.



- 22.3 If the breach is as a result of an act or omission of the Contractor, and no resolution is found, the Client may exercise its right to purchase the Contract Works from the Contractor at the compensation payable on the effective termination date as per the schedule contained in Annexure "A" attached hereto.

- 22.4 In addition, any Party may terminate this Agreement with immediate effect on written notice to the other Party in the event that:

22.4.1 any of the Parties commits an act of which fraud is a component; or

22.4.2 any of the Parties become commercially insolvent or commits any act of insolvency; or

22.4.3 any of the Parties is placed in provisional or final liquidation (otherwise than for subsequent amalgamation or reconstruction); or

 Initial 

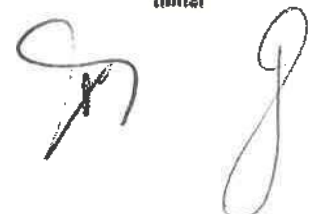
- 22.4.4 any of the Parties takes any steps to obtain protection or is granted protection from creditors in terms of any law;
- 22.4.5 any of the Parties is placed under provisional or final business rescue.
- 22.5 The provisions of this clause will not affect the rights of the Parties to claim damages.

23. CESSION / DELEGATION

It is specifically recorded that the Client shall be entitled to cede its rights and delegate its obligations in terms of this Agreement to its current holding or associated companies without the consent of the Contractor. The Client shall not be entitled to sell a majority shareholding in it to any party without the written consent of the Contractor which shall not be unreasonably withheld.

24. DISPUTE RESOLUTION

- 24.1 Should any dispute at any time arise between the Client and the Contractor as to the construction, meaning or effect of this Agreement, or as to the rights, obligations or liabilities of the Client or the Contractor hereunder, or should the Client and the Contractor, fail to agree upon any matter or thing which is provided for in this Agreement to be subject to an agreement being arrived at or as a result of any breach of this Agreement, all of which shall, for the purposes of this clause 24 be referred to as "the Dispute", shall be determined by the following procedures:
- 24.1.1 the Party claiming such Dispute shall advise the other in writing thereof. Within 14 (fourteen) days of receipt of such notice, the Parties shall, within a further 14 (fourteen) days of receipt of such notice meet and negotiate in good faith in order to resolve the Dispute;
- 24.1.2 if the Parties are unable to resolve the Dispute, the matter will be referred to the Executive Head of the Contractor and the ????? of the Client to use their best endeavours to settle or resolve the Dispute as expeditiously as possible, but in any event within a period of 14 (fourteen) days of the matter being referred to them;
- 24.1.3 Should the parties named in 24.1.2 fail to resolve the Dispute, within the period of 14 (fourteen) days or such longer period as the Parties may agree, the Dispute shall be determined by arbitration by an arbitrator agreed upon by the

Handwritten initials and a signature in black ink.

Parties, or in the absence of an agreement between the Parties as appointed by the Arbitration Foundation of South Africa (AFSA) in terms of its rules for expedited commercial arbitrations under the provisions of the Arbitration Act, No 42 of 1965, or any statutory re-enactment or amendment thereof.

24.2 Notwithstanding any reference to dispute resolution in terms of this clause 24, both Parties shall continue to carry out their obligations under this Agreement in terms of the Agreement pending such resolution or arbitration.

25. **DOMICILIUM CITANDI ET EXECUTANDI**

25.1 The Parties to this Agreement hereby select their respective *domicilia citandi et executandi* for all purposes in terms of this Agreement and/or any claim arising pursuant hereto as follows:-

25.1.1 in the case of the Contractor to:

Physical Address: 1 Marlin Road

Jet Park

Boksburg

Email: craigb@fraseralexander.co.za

and is marked for the attention of Craig Brown;

25.1.2 in the case of the Client to:



Physical Address: 2nd floor, Block 15, Woodlands

Office Park, Woodmead

Email : paerskine@mweb.co.za

and is marked for the attention of Paul Erskine

25.2 Any Party may, by written notice to the other Party, change its domicile to another address in the Republic of South Africa. Such change shall only be effective upon receipt of such notice in writing by the other Party.

 Initial 

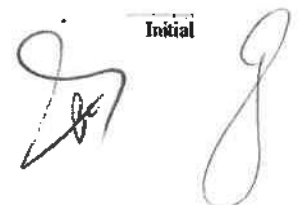
- 25.3 All notices, demands, communications or payments intended for any Party shall be made or given at such Party's domicilium for the time being.
- 25.4 A notice sent by one Party to another Party shall be deemed to be received:
- 25.4.1 On the same day, if delivered by hand;
- 25.4.2 On the same day of transmission if sent by electronic mail;
- 25.4.3 On the fifth day after posting, if sent by prepaid registered mail.
- 25.5 Notwithstanding anything to the contrary herein, a written notice actually received by a Party shall be valid and effective as if it had been addressed to such Party's chosen domicilium citandi et executandi.

26. SIMRAC

Should in the execution of the Support Services any person be injured or killed in circumstances where such injury or death would result in a levy being imposed on the Client in terms of Chapter 35 of the Regulations promulgated in terms of the Minerals Act No. 50 of 1991, as amended, or any re-enactment thereof, (commonly referred to a "SIMRAC" levy [Safety in Mines Research Advising Committee]) unless such injury or death was caused exclusively by the Client, its employees or representatives or any other contractor or subcontractors or their employees or representatives, the Contractor shall be liable to the Client for an amount equal to the total amount of such SIMRAC levy or levies that will be payable by the Client as a result thereof, calculated at the then ruling levy applicable at the Mine of the Client where the incident causing the injury or death occurred. Such amount shall be payable on demand or shall be deducted from any moneys due to the Contractor as a lump sum one-off payment.

27. WARRANTY BY CONTRACTOR

- 27.1 The Contractor hereby represents warrants and agrees as follows:
- 27.1.1 the Contractor is a corporation, duly registered and existing under the laws of South Africa and has the required capacity and authorisation to enter into this Agreement;

Handwritten initials and signature in the bottom right corner of the page.

- 27.1.2 the Contract Works is not subject to any liens, encumbrances or other matters constituting or possibly constituting a restraint to the erection, commissioning and maintenance thereof;
- 27.1.3 the Contract Works is mechanically fit to toll treat the coal to the Specification requirements of this Agreement;
- 27.1.4 the Contractor shall meet throughput and coal product specifications as per the requirements of clause 8.2.1 of this Agreement; and
- 27.1.5 the Contractor has the requisite skill and know-how to perform its duties in terms of this Agreement.
- 27.2 The Client has not given or made any warranty to the Contractor other than those which are expressly set out in this Agreement.

28. INSURANCE

The Works shall be insured by Client.

29. PAYMENT GUARANTEE



The Client undertakes to obtain a Letter of Undertaking from Lombard Insurance Company or any other approved financial institution guaranteeing the Client's financial obligations regarding payment of toll treatment services due in terms of this Agreement. The amount of the undertaking shall be not less than R11 000 000.00 (Eleven Million Rand). The Client undertakes to provide this Letter of Undertaking to the Contractor's *domicilium citandi et executandi* within twenty one (21) days of the Signature date.

30. MISCELLANEOUS

30.1 Validity

If any provision of this Agreement is found or held to be invalid, unlawful or unenforceable, the validity of all the other provisions hereof will not be affected thereby and the Parties agree to meet and review the matter and if any valid and enforceable means is reasonably available to achieve the same object as the invalid or unenforceable provision, to adopt such means by way of variation of this Agreement.

30.2 Severability

 Initial 

In the event that any of the terms of this Agreement are found to be invalid, unlawful or unenforceable, such terms will be severable from the remaining terms, all of which will continue to be of full force and effect and enforceable.

30.3 Variation

No amendment of or addition to this Agreement will be of any force or effect unless reduced to writing and signed by or on behalf of the Parties.

30.4 Waiver

No waiver on the part of any Party of any rights arising from a breach of any provision of this Agreement will constitute a waiver of rights in respect of any subsequent breach of the same or any other provision, neither will it be deemed to constitute a precedent.

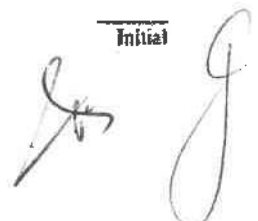
30.5 Force Majeure

30.5.1 In the event of any act of God, war, warlike operation, rebellion, riot, civil war, operational disaster or (without regard to the foregoing enumeration) any like circumstances arising or action taken beyond or outside the reasonable control of the Parties hereto preventing them or any of them from the performance of any obligation hereunder (any such event hereinafter called "*force majeure*"), then the Party affected by such *force majeure* shall be relieved of its obligations hereunder during the period that such *force majeure* continues but only to the extent so prevented and shall not be liable for any delay or failure in the performance of any obligations hereunder or loss or damage which the other Party may suffer due to or resulting from the *force majeure*, provided always that a written notice shall be promptly given to the other Party of any such inability by the affected Party.

30.5.2 Parties invoking *force majeure* shall upon termination of such *force majeure* give prompt written notice thereof to the other Parties.

30.5.3 Should *force majeure* continue for a period of more than 60 (sixty) days, then the Parties shall be entitled forthwith to terminate this Agreement in which event no Party shall have any further obligation or liability towards the other under this Agreement, except for liabilities or obligations or entitlements in terms of the Agreement or which accrued prior to date of termination.

30.6 Law

Handwritten initials and signature. The word "Initial" is printed above a horizontal line. To the left of the line is a handwritten signature, and to the right is a large, stylized handwritten letter 'J'.

This Agreement shall be governed by and construed in accordance with the laws of the Republic of South Africa. The Parties shall in respect of all matters arising in the fulfilment of the Agreement conform at its own expense with laws, regulations, by-laws and requirements of local or other authorities, which are applicable to this Agreement.

30.7 Sundry Duties of the Contractor

The Contractor shall:

- 30.7.1 not use the Mine or allow it to be used, in whole or in part, for any purposes other than for the operation of Contract Works in terms of this Agreement;
- 30.7.2 not cause or commit any nuisance on the Mine;
- 30.7.3 refrain from interfering with the electrical, plumbing or gas installations or systems serving the Mine, except as may be necessary to enable the Contractor to carry out its obligations and maintenance and repair in terms of this Agreement;
- 30.7.4 take all reasonable measures to prevent blockages and obstructions from occurring in the drains, sewerage pipes and water pipes serving the Mine.

30.8 No Agency

This Agreement does not constitute any of the Parties as the Contractor or legal representative of the other for any purposes whatsoever and none of the Parties will be entitled to act on behalf of, or to represent the other unless duly authorised thereto in writing.

30.9 Nature of relationship

The nature of the relationship between the Parties shall not constitute a partnership, joint venture or any other fiduciary relationship between the Parties.

30.10 Anti-corruption



The Parties shall at all times comply with any applicable anti-corruption laws and/or regulations and shall not give or receive any gifts or advantages which may violate such laws or regulations.

THUS DONE and SIGNED at

on this the day of

2017

21

 
Initial

AS WITNESSES:

1. _____

2. _____

For and on behalf of **ALEXCOAL (PTY)
LTD** who warrants his/her authority hereto

THUS DONE and SIGNED at

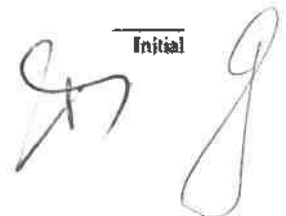
on this the _____ day of _____ 2017

AS WITNESSES:

1. _____

2. _____

For and on behalf of **FRASER ALEXANDER
PTY) LTD** who warrants his/her authority
hereto

Initial 

ANNEXURES

ANNEXURE A: Compensation Payable on Termination

ANNEXURE B: Area Map

ANNEXURE C: Not Applicable

ANNEXURE D: Battery Limits and Scope of Work

DRAFT

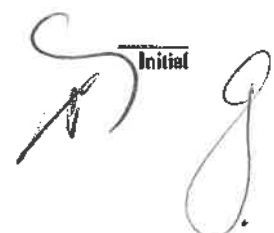
 
Initial

ANNEXURE A - TERMINATION TABLE

Month	Amount
1	8,713,779
2	8,680,121
3	8,646,071
4	8,611,624
5	8,576,775
6	8,541,519
7	8,505,852
8	8,469,768
9	8,433,264
10	8,396,334
11	8,358,973
12	8,321,176
13	8,282,938
14	8,244,254
15	8,205,119
16	8,165,527
17	8,125,474
18	8,084,953
19	8,043,959
20	8,002,487
21	7,960,531
22	7,918,086
23	7,875,145
24	7,831,704
25	7,787,756
26	7,743,294
27	7,698,315
28	7,652,810

Month	Amount
29	7,606,775
30	7,560,202
31	7,513,086
32	7,465,421
33	7,417,199
34	7,368,415
35	7,319,062
36	7,269,133
37	7,218,621
38	7,167,520
39	7,115,823
40	7,063,523
41	7,010,612
42	6,957,085
43	6,902,932
44	6,848,148
45	6,792,725
46	6,736,656
47	6,679,932
48	6,622,546
49	6,564,491
50	6,505,758
51	6,446,341
52	6,386,230
53	6,325,418
54	6,263,896
55	6,201,657
56	6,138,691

Month	Amount
57	6,074,991
58	6,010,548
59	5,945,353
60	5,879,397
61	5,812,672
62	5,745,168
63	5,676,877
64	5,607,789
65	5,537,895
66	5,467,185
67	5,395,651
68	5,323,282
69	5,250,069
70	5,176,001
71	5,101,070
72	5,025,264
73	4,948,574
74	4,870,989
75	4,792,499
76	4,713,094
77	4,632,761
78	4,551,492
79	4,469,275
80	4,386,098
81	4,301,951
82	2,866,269
83	984,800
84	0

Initial 

ANNEXURE D**SCOPE OF WORK AND BATTERY LIMITS****Scope of Work****1. ROM Feed**

The operation and maintenance of:

- a) The feed system feeding the primary crusher.

This will be fed by front end loaders supplied and operated by others.

It will be fitted with a static grizzly to remove any oversize (>600mm) in the ROM.

- b) A MMD 500 Primary Mineral Sizer
- c) A sacrificial draw off belt transferring the sized ROM to the ROM Surge bin feed belt
- d) A 900mm conveyor feeding the ROM Surge Bin
- e) An over belt magnet to remove tramp iron.
- f) A 500Ton ROM Surge Bin complete with draw off feeder.
- g) A pre-wet screening station feed belt, complete with 6 idler scales.

2. DMS Plant and Fine Coal Treatment

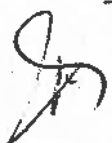

The operating and maintaining of a 150tph DMS Cyclone and 150 tph Drum Plant consisting of:

- a) A Prewet screening station at an estimated 12 mm cut.
- b) A 150tph DMS Cyclone Plant and 150t DMS Drum Plant.
- c) Spiral Plant.

A 60tph Spiral Plant will treat the 0.2 x 1mm fraction. The spiral product will be pumped to the duff dewatering screen and combined with the duff from the cyclone plant.

The spiral discard will be added via a dewatering screen to the discard belt.

- d) A 9m dia thickener, floc plant and make up water tank.

 Initial 

The <0.2mm material will be thickened and pumped to the Filter Press Buffer Tank.

The clarified water will overflow to the make-up water tank.

Make up water will be supplied from the Filter Press and other sources to the make-up water tank.

3. Product and Discards

The operating and maintaining of:

- a) A common product stockpile belt (Drum Cyclone and Spirals)
- b) A double roll product crusher on the Drum Product circuit.
- c) A common discard conveyor feeding a 150t discard bin.

Battery Limits

The Battery limits would therefore be:



- The feed hopper of the ROM Section.
- The head pulley of the product conveyor.
- The head pulley and outlet chute of the discard conveyor and bin. The bin to be operated by the discard contractor.
- The incoming breaker/switch for the 525V Power supply at the Plant MCC.
- Inlet flange on Raw water supply make up tank at the plant.

The volume of make-up water required is estimated at 30MI per month.

- The Magnetite Introduction bay.
- The outlet of the slurry line at the filter press buffer tank.

Exclusions

- Earthworks for the terracing of the site and any excavation in Rock.
- The Civils for the Plant and associated infrastructure.

Initial  

- Water Treatment works.

The Ph of the make- up water, to be supplied by the Client, is assumed to be >6 at this stage and would require no treatment before use in the Plant.

- Any Materials Handling of the ROM, oversize, products and discards.
- The dewatering of either product or discard by means of a centrifuge.
- We have assumed that an area would be available for use, free of charge, for the establishment of site offices, ablutions, stores and workshop.

The cost of providing these has been allowed for.

- The supply of Diesel for the Generators.
- Make up water, of suitable quality, to be supplied free of charge to the inlet flange of the raw water tank.
- Laboratory

Sampling would be done by FAMP, but it has been assumed that there are Laboratory services on site to do the process control testing.

 Initial 

**ALEXKOR COAL ACQUISITION
BUSINESS CASE REPORT RISK REGISTER**

APPENDIX 7

RISK REGISTER

RISK CATEGORY	RISK DESCRIBED	IMPACT ON PROJECT	WHEN RISK ARISES	RISK SEVERITY	MITIGATION MEASURE
	TECHNICAL				
Mining operation viability	During the 20-year Wash Plant time frame the mines supplying coal become financially unviable	Closure of mining operations	During Wash Plant operation		Source of feedstock from other nearby mines, at higher cost
Mine Flooding	Unable to supply coal	No coal supply to Wash Plant	During Wash Plant operation		Install sufficient ROM stockpile capacity, typically 5 days coal supply
Plant 2 throughput capacity	Planned product tonnage not achieved	Reduced revenue / ROI	During Wash Plant operation		Complete comprehensive design check and HAZOP
Product quality	Product does not meet ESKOM requirements	ESKOM penalties applied	During Wash Plant operation		Complete comprehensive design check and HAZOP
Discard disposal	Plant 1 discard dump facility permit compliance	Closure of Plant 1 operation, no discard facility available	During Plant 1 operation up to Plant 2 dedicated discard facility being in place		Ensure Plant 1 permit compliance is in place whilst constructing dedicated Plant 2 discard dump facility
Clean & dirty water handling system	Plant 1 facility permit compliance	Closure of Plant 1 operation, no discard facility available	During Plant 1 operation up to Plant 2 dedicated clean & dirty water management system being in place		Ensure Plant 1 permit compliance is in place whilst constructing dedicated Plant 2 clean & dirty water management system

FINANCIAL					
ESKOM coal purchase price	ESKOM negotiated price below R17/GJ	Unprofitability of NEWCO / reduced ROI.	Leading up to the operational phase		Coal quality exceeds minimum specification
ROM purchase price	ROM cost above R214/t	Unprofitability of NEWCO / reduced ROI.	Leading up to the operational phase		Capitalise on existing relationships. Identify alternate sources of supply
NEWCO / IPC Service Level Agreement/s	Reliance on IPC for services such as power, water, discard disposal	Increased OPEX	Pre-implementation phase		Negotiate accepted benchmark rates
Land lease Agreement	IPC strong negotiating position	Increased OPEX	Pre-implementation phase		Negotiate accepted benchmark rates
Ability to raise capital	Time to finalise via Treasury	Delay to project	Pre-implementation phase		Demonstrate ROI is very good
COMMERCIAL					
Security of coal supply	Coal supply Agreements not renewed	No supply to Wash Plant	During Wash Plant operation		Alexkor to own and operate coal mines
NEWCO shareholders Agreement	IPC makes unreasonable demands	Delay to schedule	Pre-implementation phase		Initiate negotiations early, agree principles up-front
Reputational damage	IPC legal permitting not in place	Delays to project	Pre-implementation phase		Adhere to formal processes and legal compliance
Market competition	Competitors	Limited supply gap	Pre-implementation phase		SOC leverage over ESKOM / product quality

LEGAL / ENVIRONMENTAL PERMITTING					
IPC permitting	Required permit/s not in place	Project delay	Pre-implementation phase	Adhere to formal processes and legal compliance	Adhere to formal processes and legal compliance
Plant 2 Discard facility	Plant 1 discard dump legal compliance	Project delay	Pre-implementation phase		

RISK LEGEND:

	HIGH RISK
	INTERMEDIATE RISK
	LOW RISK



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

Private Bag X313, Pretoria, 0001, Sedibeng Building, 185 Francis Beard Street, Pretoria,
Tel: (012) 336 7500 Fax (012) 323-4472 / (012) 326 - 2715

**LICENCE IN TERMS OF CHAPTER 4 OF THE
NATIONAL WATER ACT, 1998 (ACT NO. 36 OF 1998) (THE ACT)**

I, *Sifiso Mkhize*, in my capacity as Director-General in the Department of Water and Sanitation and acting under authority of the powers delegated to me by the Minister of Water and Sanitation, hereby authorises the following water uses in respect of this licence.

SIGNED: *[Signature]*

DATE: *26/07/2016*

LICENCE NO: 03/B11H/AG/4647
FILE NO: 27/22/B811/1/1

1. Licensee: IPC Beneficiation (Pty) Ltd: Coal Washing Plant

Postal Address: Private Bag X7297
EMALAHLENI
1035

2. Water Uses

2.1 Section 21(a) of the Act: Taking water from a water resource, subject to the conditions as set out in Appendices I and II.

2.2 Section 21(g) of the Act: Disposing of waste in a manner which may detrimentally impact on a water resource, subject to conditions as set out in Appendices I and III.

3. Properties on which the use will be exercised

Table 1: Properties on which the use will be exercised

Water uses	Properties	Property Owner
Section 21(a), and (g) of the Act	Portion 67, 68 and 69 of the Farm Elandspruit 291	IPC Beneficiation (Pty) Ltd

B 07303

[Handwritten signature]

Licence No: 04/B20G/ACGLJ/2511
Ref No: 27/27/B100/C490

4. Licence and Review Period

4.1 This licence is valid for a period of Fifteen (15) years from the date of issuance and it may be reviewed on interval of not more than Five (5) years.

5. Definitions

"Any terms, words and expressions as defined in the National Water Act, 1998 (Act 36 of 1998) shall bear the same meaning when used in this licence."

"The Provincial Head" means the Provincial Head: Mpumalanga, Department of Water and Sanitation, Private Bag X11259, NELSPRUIT, 1200.

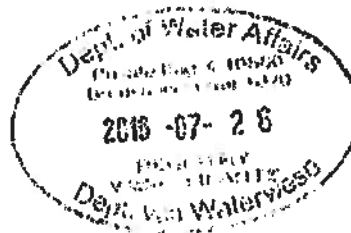
"Department" means Department of Water and Sanitation.

"Report" refers to the following reports:

- i. Geohydrological Report prepared by Geovincon Environmental Consultant dated May 2014;
- ii. Salt and Waterbalance prepared by Alan Robinson Consulting Civil and Geotechnical Engineers dated July 2014;
- iii. Conceptual Design Report for PCD prepared by Alan Robinson Consulting Civil and Geotechnical Engineers dated June 2014;
- iv. IWWMP prepared by Geovincon Environmental (Pty) Ltd dated May 2014; and as well as all other related documentations and communications (emails, letters, verbal, etc) related thereto.

6. Description of the activity

This licence authorises IPC Beneficiation (Pty) Ltd to undertake water uses associated with coal washing activities on Portion 67, 68, and 69 of the Farm Elandspruit 291 JS, in the Olifants water management area, Mpumalanga.

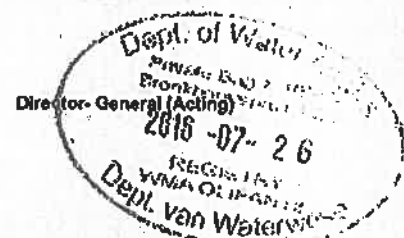


Licence No: 04/B20G/ACGLW2511
Ref No: 2727/B100/C450

APPENDIX I

General conditions for the licence

1. This licence is subject to all applicable provisions of the National Water Act, 1998 (Act 36 of 1998).
2. The responsibility for complying with the provisions of the licence is vested in the Licensee and not any other person or body.
3. The Licensee must immediately inform the Provincial Head of any change of name, address, premises and/or legal status.
4. If the property in respect of which this licence is issued is subdivided or consolidated, the Licensee must provide full details of all changes in respect of the properties to the Provincial Head of the Department within sixty (60) days of the said change taking place.
5. If a water user association is established in the area to manage the resource, membership of the Licensee to this association is compulsory.
6. The Licensee shall be responsible for any water use charges or levies imposed by a Responsible Authority. While effect must be given to the Reserve as determined in terms of the Act, where a desktop determination of the Reserve has been used in issuance of a licence, when a comprehensive determination of the Reserve has finally been made; it shall be given effect to.
7. The licence must not be construed as exempting the Licensee from compliance with the provisions of any other applicable Act, Ordinance, Regulation or By-law.
8. The licence and amendment of this licence are also subject to all the applicable procedural requirements and other applicable provisions of the Act, as amended from time to time.
9. The Licensee must conduct an annual internal audit on compliance with the conditions of the licence. A report on the audit shall be submitted to the Provincial Head within one (1) month of finalization.
10. The Licensee must appoint an independent external auditor to conduct an annual audit on compliance with the conditions of this licence. The first audit must be conducted within three (3) months of the date of licence issuance and a report on the audit shall be submitted to the Provincial Head within one (1) month of finalisation of the report.
11. Flow metering, recording and integrating devices shall be maintained in a sound state of repair and calibrated by a competent person at intervals of not more than two (2) years. Calibration certificates shall be available for inspection by the Provincial Head or his/ her representative upon request.
12. Any incident that causes or may cause water pollution must be reported to the Provincial Head or his/her designated representative within 24 hours.



Licence No: 04/B20G/ACGN/2511
 Ref No: 27/27/B100/C450

APPENDIX II

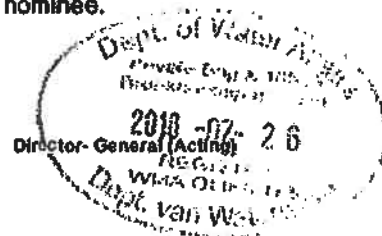
Section 21 (a): Taking water from a water resource

1. This licence authorises the abstraction of a maximum quantity of groundwater from property for the purpose as indicated in Table 2.

Table 2: Section 21(a) Water use activities

Purpose/ Description	Property	Volume (m ³ /a)	Co-ordinates
Re-use of underground water from PCD for mineral processing	Portion 69 of Elandspruit 291 JS	12 410 m ³ /a	S 25°49' 24.8" E 29°22' 50.7"
Taking of groundwater through borehole for domestic use		3 650 m ³ /a	S 25°49' 03.7" E 29°22' 47.9"

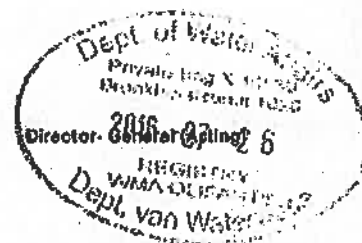
2. The quantity of water authorised to be taken in terms of this licence may not be exceeded without prior authorisation by the responsible authority.
3. This licence does not imply any guarantee that the said quantities and qualities of water will be available at present or at any time in the future.
4. The above mentioned volumes may be reduced when the licence is reviewed.
5. The Licensee shall be responsible for any water use charges or levies, which may be imposed from time to time by the Responsible Authority in terms of the Department's Raw Water Pricing Strategy.
6. The Licensee shall continually investigate new and emerging technologies and put into practice water use efficient devices or in an endeavour to conserve water at all times.
7. The Licensee shall install appropriate water measuring devices to measure the volume of water abstracted. The Licensee shall ensure that all measuring devices are properly maintained and in good working order and must be easily accessible. This shall include a programme of checking, calibration, and/ or renewal of measuring devices. All water taken from the resource shall be measured, recorded and reported as follows:
 - 7.1 The daily quantity of water taken must be metered or gauged and the total recorded at the last day of each month; and
 - 7.2 The Licensee shall keep record of all water measurement taken and a copy of the records shall be forwarded to the Provincial Head on or before 25 January and 25 July of each year.
8. No water taken may be used for purposes other than intended in this licence, without written approval by the Provincial Head or his/her delegated nominee.



[Handwritten signature]

License No: 04/B20G/ACGJ/2611
Ref No: 27/27/B100/C450

- 9. Notices prohibiting unauthorised persons from entering certain areas, as well as internationally acceptable signs indicating the risks involved in case of an unauthorised entry must be displayed along the boundary fence of these areas.
- 10. The Department accepts no liability for any damage, loss or inconvenience, of whatever nature, suffered as a result of:
 - 10.1 shortage of water;
 - 10.2 inundations or flood;
 - 10.3 siltation of the resource; and
 - 10.4 required Reserve releases.
- 11. The Licensee must establish a programme of formal Information Management System, which maintains a database on water supply, distribution and delivery infrastructure.
- 12. The Licensee shall establish and implement a continual process of raising awareness amongst itself, its workers and stakeholders with respect to Water Conservation and Water Demand Management Initiatives.



Licence No: 04/B20G/ACGJ/2611
Ref No: 27/2/2/B811/11/1

APPENDIX III

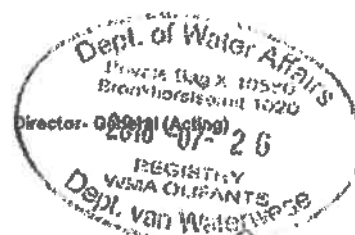
Section 21(g) of the Act: Disposing of waste in a manner which may detrimentally impact on a water resource

1. CONSTRUCTION, OPERATION AND MAINTANANCE

- 1.1 The Licensee must ensure that the disposal of the waste water and the operation and maintenance of the system are done according to the provisions in the Report.
- 1.2 The waste facilities shall be operated and maintained to have a minimum freeboard of 0.8 metres above full supply level and all other water systems related thereto shall be operated in such a manner that it is at all times capable of handling the 1:50 year flood-event on top of its mean operating level.
- 1.3 The Licensee shall use acknowledged methods for sampling and the date, time and sampler must be indicated for each sample.
- 1.4 The Licensee must ensure that all construction activities must be overseen by a registered civil engineering professional.
- 1.5 Within 30 days after the completion of the activities referred here in accordance with the relevant provisions of this licence, the Licensee shall in writing, under reference 27/2/2/B811/11/1, inform the Provincial Head thereof. This shall be accompanied by a signature of approval from the designer referred to above that the construction was done according to the design plans referred to in the Report.
- 1.6 The Licensee must ensure that the disposal of the waste water and the operation and maintenance of the system are done according to the provisions in the Report.
- 1.7 Classifications of all contaminated risk stockpiles and dumps must be done within 12 months commencement of mining operations and appropriate action taken (in compliance with Section 19 of the Water Act, 1998 with regard to pollution prevention), if barrier system installed at such facilities differ from the requirements of regulation 635 and 636 of August 2013.
- 1.8 The Licensee must submit a copy of agreement with duly licensed contractor who will remove sewage sludge from the mine within 12 months of the commencement of washing coal operations.

2. DISPOSAL/ STORAGE OF WATER CONTAINING WASTE

- 2.1 The Licensee is authorised to dispose of a maximum quantity in cubic metres (m³) or tons of waste or water containing waste into the waste management facility on the properties as indicated in Table 3.



Licence No: 04/B2003/ACOL/J2511
 Ref No: 27/27/B100/C450

Table 3: Volumes of waste to be disposed at the waste disposal facilities

Facility	Volume (m ³ /a)	Capacity/ Area	Co-ordinates	Properties
Disposal of wastewater and silt settling into Emergency Slurry Water Ponds.	1 825 m ³ /a	2000 m ³	Portion 69 of Elandspruit 291	S 25°49'12.9" E 29°22'50.2"
Disposal of waste water from underground, ROM stockpile, Slurry pond and washing plant into PCD	37 595 m ³ /a	17 000 m ³	Portion 69 of Elandspruit 291	
Run of Mine Coal (ROM) Stockpile	1 440 000 t/a	1 ha	Portion 68 of Elandspruit 291 JS IS	S 25°49'04.9" E 29°22'55.1"
Disposal of coal discarded materials into Discard Dump	273 600 t/a	10.8 ha	Portion 67 and 68 of Elandspruit 291 JS	S 25°49'13.0" E 29°23'01.7"
Disposal of domestic sewage effluent into Septic Tank	12 330 m ³ /a	90 m ³	Portion 69 of Elandspruit 291 JS	S 25°49'23.0" E 29°22'49.5"
Final Product Stockpile	1 166 400 t/a	6 ha	Portion 67 and 68 of Elandspruit 291 JS.	S 25°49'08.4" E 29°22'49.0"
Dust suppression with contaminated water from PCD	17 520 m ³ /a	N/A	Portion 67,68 and 69 of Elandspruit 291 JS	Various areas

3. MONITORING

3.1 The Licensee shall monitor on quarterly basis the water resources at monitoring points to determine the impact of the facilities on the water quality by taking samples at the monitoring points as indicated in Table 4 and Table 5.

Table 4: Surface monitoring point for IPC Beneficiation Colliery

Locality	Description	Co-ordinates
ELS 1	Within a non-potential tributary of the Olifants River, adjacent to Elandspruit Colliery	S 25°48.47.7" E 29°22'57.8"
ELS 2	Within Elandspruit Colliery above PCD	S 25°49'27.8" E 29°22'55.8"

Dept. of Water Affairs
 Private Bag X 10520
 Braamfontein 2010
 Director-General (Acting)
 2016-07-26
 REGISTRAR
 WMA
 Dept. van Water

License No: 04/B20G/ACGN/2511
Ref No: 27/27/B100/C450

Locality	Description	Co-ordinates
ELS 3	Within the Spookspruit, downstream of ELS 4	S 25°49'45.0" E 29°21'11.8"
ELS 4	Within the Spookspruit, upstream of ELS 4	S 25°49'57.2" E 29°21'39.6"
PCD	Pollution Control Dam on Elandspruit Colliery, to the left of ELS 2	S 25°49'24.8" E 29°22'50.7"

Table 5: Groundwater monitoring points for IPC Beneficiation Colliery

Locality	Description	Co-ordinates
ELG 1	Within the Elandspruit Colliery, South of ELG 2 ~ North of PCD	S 25°49'23.2" E 29°22'57.8"
ELG 2	Within the Elandspruit Colliery, North of ELG 1	S 25°49'23.2" E 29°22'47.1"
ELG 3	Within the Elandspruit Colliery, South of the R555	S 25°49'03.6" E 29°22'45.8"

- 3.2. The date, time and monitoring point in respect of each sample taken shall be recorded together with the results of the analysis.
- 3.3. Monitoring points shall not be changed prior to notification to and written approval by the Provincial Head.
- 3.4. Analysis shall be carried out in accordance with methods prescribed by and obtainable from the South African National of Standards (SANS), in terms of the Standards Act, 1982 (Act 30 of 1982).
- 3.5. The methods of analysis shall not be changed without prior notification to and written approval by the Responsible Authority.
- 3.6. The Licensee must ensure that the proposed groundwater management plan in terms of quality quantity be implemented.
- 3.7. The Licensee must ensure that Pollution Control Dams facility be lined in an effort to minimize the seepage of poor quality leachate into the groundwater resources.
- 3.8. The Licensee must ensure that all monitoring boreholes should be cased to prevent the boreholes from collapsing.
- 3.9. The Licensee must ensure that groundwater monitoring must take place on a monthly basis for water level for water quality.



Licence No: 04/B20G/ACGIJ/2511
Ref No: 27/27/B100C450

4. INCIDENT MONITORING

- 4.1. Emergency incidents shall be dealt with in accordance with the requirements as stipulated in Appendix I.
- 4.2. In the event that the emergency incident results in pollution of water resource, the Licensee shall monitor the water quality and the incident report shall be submitted to the Provincial Head within fourteen (14) days.

5. WATER RESOURCE PROTECTION

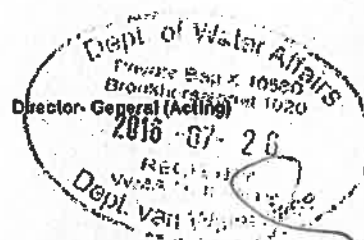
- 5.1 The impact of the activities of the mine on the groundwater must not exceed the quality limits as indicated in Table 6.

Table 6: Quality of water to be disposed into Dirty Facilities

Parameters/ Substances	PCD	Emergency Slurry Pond
pH	4.8	4.81
Alkalinity (mg/l)	< 10	5
Aluminium (mg/l)	1.20	1.20
Calcium (mg/l)	211.00	211
Chloride (mg/l)	3.99	3.99
Iron (mg/l)	0.06	0.06
Manganese (mg/l)	6.07	6.07
Magnesium (mg/l)	60.30	60.30
Fluoride b(mg/l)	0.57	0.57
Potassium (mg/l)	10.30	10.3
Sodium (mg/l)	8.63	8.63
Sulphate (mg/l)	817.00	817
TDS (mg/l)	1264.00	1264

6. REPORTING

- 6.1 The Licensee must update the water balance annually and calculate the loads of waste emanating from the activities. The Licensee shall determine the contribution of their activities to the mass balance for the water resource and must furthermore co-operate with other water users in the catchment to determine the mass balance for the water resource reserve compliance point.
- 6.2 The Licensee must submit the results of analysis for the monitoring requirements to the Provincial Head on a quarterly basis under Reference number 27/22/B511/M4.



Licence No: 04/B20G/ACGU/2511
Ref No: 27/27/B100C450

7. STORMWATER MANAGEMENT

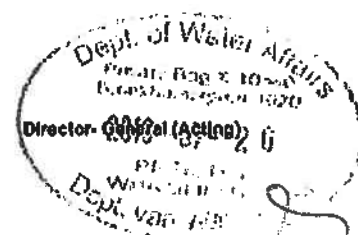
- 7.1 Stormwater leaving the Licensee's premises shall in no way be contaminated by any substance, whether such substance is a solid, liquid, vapour or gas or a combination thereof which is produced, used, stored, dumped or spilled on the premises.
- 7.2 Increase runoff due to vegetation clearance and/or soil compaction must be managed, and steps must be taken to ensure that stormwater does not lead to bank instability and excessive levels of silt entering the stream.
- 7.3 Stormwater shall be diverted from the mine complex site and roads and shall be managed in such a manner as to disperse runoff and concentrating the stormwater flow.
- 7.4 Where necessary works must be constructed to attenuate the velocity of any stormwater discharge and to protect the banks of the affected watercourses.
- 7.5 Stormwater control works must be constructed, operated and maintained in a sustainable manner throughout the impacted area.
- 7.6 All stormwater that would naturally run across the pollution areas shall be diverted via channels and trapezoidal drains designed to contain the 1:50 year flood.

8. PLANT AREAS AND CONVEYANCES

- 8.1 Pollution caused by spills from the conveyances must be prevented through proper maintenance and effective protective measures especially near all stream crossings.
- 8.2 All reagent storage tanks and reaction units must be supplied with a bunded area built to the capacity of the facility and provided with sumps and pumps to return the spilled material back into the system. The system must be maintained in a state of good repair and standby pumps must be provided.
- 8.3 Any hazardous substances must be handled according to the relevant legislations relating to the transport, storage and use of the substance.
- 8.4 Any access roads or temporary crossings must be:
- 8.4.1 non-erosive, structurally stable and shall not induce any flooding or safety hazard and
- 8.4.2 be repaired immediately to prevent further damage.

9. ACCESS CONTROL

- 9.1 Strict access procedures must be followed in order to gain access to the property. Access to waste or water containing waste facilities must be limited to authorised employees of the Licensee and their Contractors only.



Licence No: 04/B20G/JACGLJ2511
Ref No: 2712/7/B100/C450

- 9.2 Notices prohibiting unauthorised persons from entering the controlled access areas as well as internationally acceptable signs indicating the risks involved in case of an unauthorised entry must be displayed along the boundary fence of these areas.

10. CONTINGENCIES

- 10.1 Accurate and up-to-date records must be kept of all system malfunctions resulting in non-compliance with the requirements of this licence. The records must be available for inspection by the Provincial Head upon request. Such malfunctions must be tabulated under the following headings with a full explanation of all the contributory circumstances:

- 10.1.1 operating errors
- 10.1.2 mechanical failures (including design, installation or maintenance)
- 10.1.3 environmental factors (e.g. flood)
- 10.1.4 loss of supply services (e.g. power failure) and
- 10.1.5 other causes.

- 10.2 The Licensee must, within 24 hours, notify the Provincial Head of the occurrence or potential occurrence of any incident which has the potential to cause, or has caused water pollution, pollution of the environment, health risks or which is a contravention of the licence conditions.

- 10.3 The Licensee must, within 14 days, or a shorter period of time, as specified by the Provincial Head, from the occurrence or detection of any incident referred above, submit an action plan, which must include a detailed time schedule, to the satisfaction of the Provincial Head of measures taken to:

- 10.3.1 correct the impacts resulting from the incident
- 10.3.2 prevent the incident from causing any further impacts and
- 10.3.3 prevent a recurrence of a similar incident.

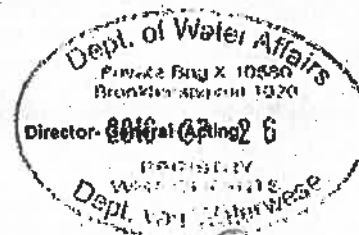
11. INTEGRATED WATER AND WASTE MANAGEMENT

- 11.1. The Licensee must update an *Integrated Water and Waste Management Plan (IWWMP)*, which must together with the updated *Rehabilitation Strategy and Implementation Programme (RSIP)*, be submitted to the Provincial Head for approval within one (1) year from the date of issuance of this licence.

- 11.2. The IWWMP and RSIP shall thereafter be updated and submitted to the Provincial Head for approval, annually.

- 11.3. The Licensee must, at least 180 days prior to the intended closure of any facility, or any portion thereof, notify the Provincial Head of such intention and submit any final amendments to the IWWMP and RSIP as well as a final *Closure Plan*, for approval.

- 11.4. The Licensee shall make full financial provision for all investigations, designs, construction, operation and maintenance for a water treatment plant should it become a requirement as a long-term water management strategy.

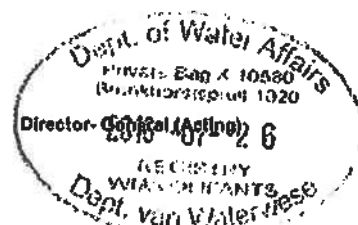


Licence No: 04/B20G/ACGU/2511
Ref No: 27/27/B100/C450

12 WATER CONSERVATION AND WATER DEMAND MANAGEMENT

- 12.1 The Licensee must use all water on the mine efficiently and must:
- 13.1.1 minimise the total water intake;
 - 13.1.2 avoid the use of water where possible;
 - 13.1.3 maximise the reuse of contaminated water.
- 12.2 The Licensee must develop a water conservation and water demand management plan, which:
- 12.2.1 quantifies the water use efficiency of the activity;
 - 12.2.2 contains the mine water management and water loss strategies and programmes;
 - 12.2.3 sets annual targets for improved water use efficiency for the mining activity, beneficiation and waste disposal practices and stipulates which measures will be implemented to achieve the targets on the mine;
 - 12.2.4 reports on the implementation of more efficient processes, equipment designs, and other on-site measures to enable the mine to avoid and reduce water consumption; and
 - 12.2.5 reports on the implementation and reduction of total water demand including water use efficiency benchmarks and targets where these have been set.
- 12.3 The Licensee must:
- 12.3.1 update the water conservation and water demand management plan annually;
 - 12.3.2 execute the water conservation and water demand management plan; and
 - 12.3.2 submit the water conservation and water demand management plan to the Provincial Head as part of the IWWMP, unless directed otherwise.

[END OF LICENCE]



Annexure "PHB 49"

PHB 49



ALEXKOR

PARLIAMENT COMMITTEE.

27 May 2020

A handwritten signature in black ink is located in the bottom right corner of the page. The signature is cursive and appears to be the name of the person who signed the document.

AGENDA

- **PREAMBLE**
- **TERMS OF REFERENCE**
- **DEPARTMENT OBLIGATIONS**
- **OTHER MATTERS**
- **RECOMMENDATIONS**
- **OUTSTANDING MATTERS**




PREAMBLE

- Administrator was appointed on 12 September 2019 for a 6 month period
- Contract was concluded 2 weeks earlier on 28 February 2020
- Administrator occupied the following roles:
 - Executive Chairperson of Alexkor
 - Chairperson of the Pooling and Sharing Joint Venture (PSJV)
 - Chairperson of the Rehabilitation Trust



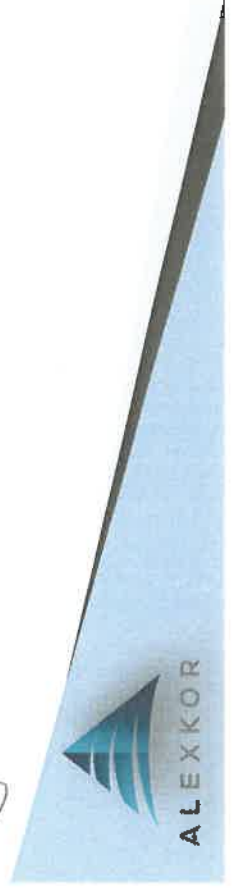
TERMS OF REFERENCE

1. Undertake an extensive review and analysis of the contract mining and revenue sharing models between the Alexkor Richtersveld Mining Company (RMC) PSJV and the contractors and provide proposed solutions
2. Review the Alexkor and the Alexkor RMC PSJV cost structure to ensure that procurement of goods and services is at fair value and warranted
3. Remove the duplicate functions at Alexkor Head Office and Alexkor RMC PSJV with a particular focus on executive and overhead expenses as well as to identify and implement other remedial and cost reduction intervention plans and/or initiatives
4. Launch an investigation into any contractual impropriety and if needs be terminate marketing and sales contract with Scarlet Sky Investments (SSI) and propose solutions/options for the establishment of own or State Diamond Trader related diamond marketing and sales channel
5. Develop a revenue enhancing plan with emphasis on contracting for mid and deep-water mining operations
6. Propose a right sizing model for Alexkor and Alexkor RMC PSJV in line with the income streams
7. Manage the rooting out of corruption and State capture related practices and individuals at Alexkor and Alexkor RMC PSJV



TERMS OF REFERENCE continued

8. Optimal corporate structure
 1. Determine the optimal shareholding structure of the state's marine diamond resources
 2. Incorporate the Alexkor RMC PSJV to ensure adherence to the Act and proper Corporate Governance provisions
 3. Obtain in collaboration with the Department the support of the Richtersveld Communities and their appropriate entities into implementation of the Alexkor RMC PSJV restructuring interventions
9. Develop in collaboration with the Department a Key Stakeholder Engagement Plan to ensure support for the implementation of the above plans



1. REVIEW AND ANALYSIS OF THE CONTRACT MINING AND REVENUE SHARING MODELS

- The mine uses contract miners and the revenue splits are in favour of the contractors – this is as a result of a lack of geological information
- Future contracts' revenue splits will be determined on a scientific basis and be more equitable to both the PSJV and the miners
- Current contracts revenue splits are currently under review
- Contracts will be performance based
- Performance based contracts will enable the management to focus on the top producers and to use this system when contracts are reviewed



2. REVIEW THE COST STRUCTURE TO ENSURE THAT PROCUREMENT OF GOODS AND SERVICES IS AT FAIR VALUE AND WARRANTED

- Alexkor's Supply Chain Management policies comply with the Public Finance Management Act (PFMA)
- The PSJV's Supply Chain Management Policies largely comply with the PFMA
- The discrepancies are not significant and could be overlooked because of the PSJV's geographical location
- Due to the financial situation at both the PSJV and Alexkor, there is not much procurement taking place unless something is necessary to keep the operations going
- A focus area going forward should be the usage of fuel cards at the PSJV. The Acting Chief Financial Officer was tasked to monitor this expense going forward



3. REMOVE DUPLICATE FUNCTIONS AT ALEKKOR HEAD OFFICE AND THE PSJV

- Proposed to Department of Public Enterprises:
 - Close the Johannesburg office
 - Migrate the functions to the Department – mainly financial functions
 - Staff to be retrenched with options for settlement
 - CEO to be relocated to the mine in Alexander Bay
- Current Rental Agreement:
 - The Johannesburg office has approximately 16 months left of its current lease agreement.
 - The cancellation of the rental agreement will result in a penalty of approximately R2.3m, which is the rent for the remainder of the contract.
 - In January 2020, the Department officials undertook to meet with the Managing Agent to discuss a possible reduction in the penalty.
- Staff:
 - The staff at the Johannesburg office are all on fixed term contracts
 - Reported the potential retrenchments to the Council for Conciliation Mediation and Arbitration (CCMA).
 - The Chief Financial Officer (CFO) and the Financial Manager (FM) resigned with immediate effect on 31 December 2019, citing constructive dismissal due to the lack of decision making regarding the future of Alexkor and the financial situation that the company is trading in, as they are both Chartered Accountants.
- A letter requesting permission to start a Section 189 process was sent to the Department in early February 2020



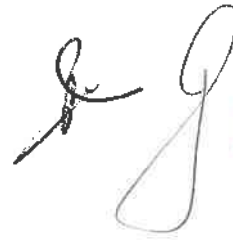

4. LAUNCH AN INVESTIGATION INTO ANY CONTRACTUAL IMPROPRIETY

- The diamonds from the mine are marketed and sold in Johannesburg by Scarlett Sky Investments (SSI) on a monthly basis
- The appointment of SSI to do the marketing and selling of the diamonds is questionable from a governance perspective as SSI does not have a diamond trading license
- SSI was originally appointed in 2014 for a period of 3 years and reappointed in 2016 for a period of 5 years
- Alexkor has applied to the South African Diamond and Precious Metals Regulator (SADPMR) for a diamond-trading license to enable the company to market and sell its own diamonds on various platforms and thus being able to cancel the SSI contract
- It was anticipated that the license will be issued by end of February 2020



5. DEVELOP A REVENUE ENHANCING PLAN WITH EMPHASIS ON CONTRACTING FOR MID AND DEEP-WATER MINING OPERATIONS

- International Mining and Dredging South Africa (IMDSA) is currently contracted to mine the deep waters.
- The current revenue split with IMDSA is 85:15 in favour of IMDSA.
- IMDSA provided a proposal to do the exploration of both the land and the marine concessions.
- The execution of the proposal from IMDSA will cost approximately \$22.5m.
- The risks associated with exploration programmes, is that there is no guarantee of a sustainable resource after incurring the costs.
- The revenue split of the current and future mid and deep water contracts is being reviewed
- Bigger boats are being used in the mid water as this will assist during the winter months when fewer sea days are available because of inclement weather.
- A mid-year shutdown from mid June to mid July has been recommended



6. PROPOSE A RIGHT SIZING MODEL FOR ALEXKOR AND ALEXKOR RMC PSJV IN LINE WITH THE INCOME STREAMS

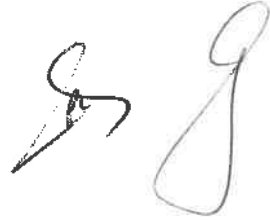
- This is dealt with under the section, “*Remove duplicate functions*” on slide 8.
- A proposed structure was sent to the Department on 17 December 2019.
- The PSJV currently only has one Geologist which is totally inadequate for a mining operation.
- The option of liquidation of the PSJV was proposed to the Department in January 2020:
 - A legal opinion on the closure of the PSJV operations was obtained and shared with the Department.
 - The Department undertook to assess the legal opinion and to have a follow up meeting with the legal advisor to get an in-depth understanding of the potential legal implications.
 - Successful liquidation depends on the Communal Property Association (CPA) being properly constituted.





7. MANAGE THE ROOTING OUT OF CORRUPTION AND STATE CAPTURE RELATED PRACTICES

- The Department hired Gobodo Forensic Services to perform a forensic investigation.
- A legal firm was engaged to formulate charges against all implicated individuals and/or companies emanating from the Gobodo report.
 - Charges have been formulated and presented to the CEO of the PSJV.
 - A suspension letter with charges were sent to him on Friday 31 January 2020.
 - The CEO has since reported his suspension to the CCMA
 - A disciplinary hearing will be scheduled after the CCMA process to ensure that the CEO does not continue to benefit from the PSJV while on suspension.
 - The Sales and Marketing contract awarded to SSI was found to be irregular.



8. OPTIMAL CORPORATE STRUCTURE

Proposal to Department:

Proposal to Department:

Option 1 - Liquidate

- Alexkor has funding until the end of March 2020 and should be placed under liquidation, as it cannot generate cash flows to continue operating.
- The company is currently trading recklessly in terms of Section 22 of the Companies Act, as it cannot meet its financial obligations.
- The PSJV is technically insolvent and cannot trade itself out of its current financial situation. Alexkor impaired a R200m loan in the 2018/19 financial year that was provided to the PSJV.
- The PSJV currently has outstanding debts of approximately R100m which includes statutory payments such as PAYE, VAT and Pension Fund Contributions.
- This will be reduced to R45m by the financial year end but the PSJV will not be able to meet its financial obligations during the winter months when carat production is low.
- After the liquidation process, a new corporatised and adequately recapitalised entity could be established.




8. OPTIMAL CORPORATE STRUCTURE continued

Proposal to Department cont.

Option 2 - Recapitalise:

- If the mine were to continue, it would need to be recapitalised.
- The budget required to do the exploration is approximately R400m.
- The debt excluding the loan to Alexkor is around R100m.
- Further funding will be required to adequately staff the mine with the correct levels of technical skills.
- If a decision is taken to recapitalise the PSJV, the Deed of Settlement (DoS) and the Unanimous Resolution (UR) must be set aside by a court of law and a Partnership Agreement between Alexkor and the PSJV must be entered into.



8. OPTIMAL CORPORATE STRUCTURE continued


Proposal to Department:

Option 3 - Sale to Private Sector:

- The marine mining right can be sold to the private sector to partner with the community.
- It will be a hard sell as the exploration has not been done and there is no tangible value in the mining right without understanding the resource.

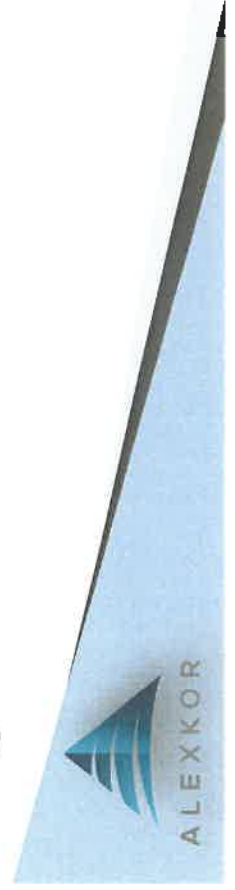
Option 4 - Put Option:

- Government can exercise its put option only when the Communal Property Association (CPA) is established.



9. DEVELOP IN COLLABORATION WITH THE DEPARTMENT A KEY STAKEHOLDER ENGAGEMENT PLAN

- A Stakeholder engagement plan was submitted to the Department with the October month end report
- The key stakeholder is the CPA, which is not properly constituted and was placed under administration.



DEPARTMENT OBLIGATIONS AS PER CONTRACT

- Timeously provide the Administrator with all available information and data that may be required by the Administrator for the rendering of the Services
- The Minister and/or the Department are required to render assistance or take decisions which impact on the performance of the Administrator, such decision/s and/or assistance shall be provided without unnecessary or unreasonable delay
- Ensure that Alexkor makes available the adequate working space and necessary facilities required by the Administrator to render the Service, including desk space, etc



OTHER MATTERS

Financial Position

- A significant portion of Alexkor's monthly operational costs is related to the management of the town of Alexander Bay
- The PSJV will run into financial difficulties during every winter period due to the lack of sea days that results in less diamonds being mined resulting in insufficient cash being generated from its operations.



OTHER MATTERS - continued

Township Handover

- The town of Alexander Bay was established in 2013.
- In the past seven years hardly any progress has been made in handing over the town to the Municipality.
- Alexkor maintains the town at significant cost to the company and has 32 employees based in Alexander Bay for this purpose.
- There must be a concerted effort to hand over the services to the Municipality.
- Alexkor has a substantial property portfolio in Port Nolloth and Alexander Bay.
- The properties must be disposed of as the rent that is currently being collected is not economically feasible and those properties that must be transferred to the Municipality must be done.
- The current rent collected is around R3.6m per annum compared to the salary bill of the maintenance team which is around R7.5m per annum.
- Alexkor is also currently paying the water and electricity for the entire town which equates to approximately R6m a year and this expense is not recovered from the tenants as most of them do not pay for services.

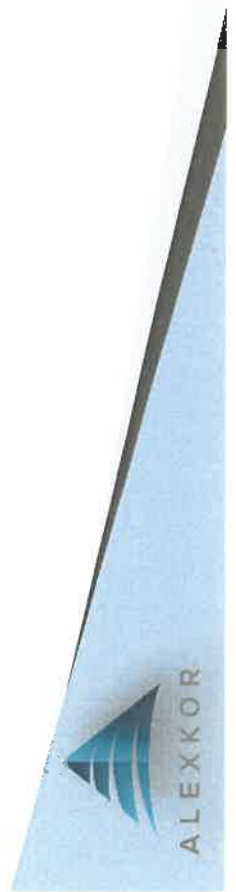



OUTSTANDING MATTERS

- The CEO of the PSJV is currently suspended for various charges related to the findings of the Gobodo Forensic Report
- The license application with the SADPMR is completed. The SADPMR had follow up questions to which we responded. The Alexkor Company Secretary is handling this matter
- The staff at the Alexkor Head Office reported the company to the CCMA for unfair labour practice. The matter is still to be attended to at the CCMA but a date has not been set as yet
- The Rehabilitation Trust hasn't committed to any rehabilitation. It will be important to attend to this in the medium to short term
- The town must be handed over to the Alexander Bay Municipality
- If Government wants to assist this community, other options such as agriculture should be considered
- Illegal mining has started on the PSJV license area and they illegal miners are armed and aggressive. A task team will need to be established to deal with this.



Thank you

Annexure "PHB 50"

PHB 50

Charges

Mr Mervyn Carstens: CEO

31 January 2020

1. Gross Negligence

- a. In that you failed to act objectively and in the interest of the PSJV by ignoring recommendations by the Bid Evaluation Committee in respect of the award under tender 2/2017.
- b. You neglected to take into account Regulations in respect of the appointment of Service Providers in relation to the minimum requirements for tenders. One of which being the award of tender 3/2014 to Scarlet Sky Investments (Pty) Ltd (SSI).
- c. You failed to take relevant and necessary action against SSI for breaching the marketing and sales agreement by not selling 10% of the value of rough diamonds in terms of the Marketing, Value and Beneficiation Agreements.
- d. In that you failed to ensure payments to the Employee Pension Fund Administrator was paid over to the relevant Pension Fund Administrator. In doing so bringing the name and reputation of Alexkor and the RMC-PSJV in disrepute by violation and contravening national legislation in respect of how to handle employee pension benefits.

2. Gross Misconduct

- a. That you failed to monitor the contract between the PSJV and SSI and thereby allowing the underselling of rough diamonds to Joe Gaddies in contravention with section 8 of the Diamond Export Levy Act.

3. Failure to demonstrate acceptable Conduct

Charges

Mr Mervyn Carstens: CEO

31 January 2020

In that you failed, without proper cause to perform your fiduciary duties with proper care required from you by:

- a. Placing the PSJV at risk by not ensuring that 15% in value of the rough diamonds were sold for beneficiation.**

 - b. Expressing bias by your failure to disclose information of buyers and misrepresenting SSI as a buyer.**
-



**ALEKKOR****SOC LIMITED**

(Reg No. 1992/006368/30)

Incorporated by Act No 116 of 1992

ALEKKOR RMC JVOrange Road
Private Bag X5
ALEXANDER BAY
8290

Tel. : +27 (027) 831 8300

Fax : +27 (027) 831 1910



(Reg. No. 2006/034807/07)

Date: 31 January 2020**Mr Mervyn Carstens****The Chief Executive Officer****PSJV****Alexander Bay****By: Email****Dear Sir****RE: Suspension**

You are hereby informed that you are suspended with immediate effect from your employ and position as Chief Executive Officer RMC-PSJV.

The Suspension follows an investigation conducted into the affairs of the RMC-PSJV.

Please be advised of the following:

1. Your suspension will be on full pay.
2. You are required to vacate the Company's premises immediately.

Directors: MJ Carstens (Chief Executive Officer), A Maarman, P Mokhal, G Oliphant,
Company Secretary: RE Phillips



SOC LIMITED

(Reg. No. 1992/006368/30)

Incorporated by Act No 216 of 1992

ALEXKOR RMC JV

Orange Road
Private Bag X8
ALEXANDER BAY
8290

Tel. : +27 (027) 831 8300

Fax : +27 (027) 831 1910



3. You are not required to render any services for and on behalf of the PSJV or be on the premises for the duration of the suspension until further notice.
4. You may not access the company's systems or emails unless you have received expressed permission from the Human Resources Department.
5. You may not make contact with any other employee, contractors or clients of the Alexkor, RMC PSJV unless you have received authorisation to do so and upon arrangements in this regard having been made with your Human Resources Department.
6. You are required to be available and contactable during working hours and in the event that you are to be unavailable during this time, you are required to notify the appointed Administrator, Mr. Lloyd McPatie.

In order to maintain contact throughout the process, it is imperative that the Company has updated information regarding address and contact details. Please fill in the required details below. Note that should you fail to fill in the required details, the Company will presume that the details on record are accurate and correct.

Please be further advised that a Notice of Disciplinary Hearing will be served on you at the address indicated below:

Mr M Carstens

Employee

Mr. L. McPatie

Administrator (Alexkor)



ALEXKOR

SOC LIMITED

(Reg No. 1992/006368/30)

Incorporated by Act No 116 of 1992

ALEXKOR RMC JV

Orange Road
Private Bag X5
ALEXANDER BAY
6280

Tel. : +27 (027) 831 8300

Fax : +27 (027) 831 1910



[DATE]

31/01/2019.

[DATE]

CONTACT DETAILS:

Postal Address:	
Tel No.:	
E-mail:	

Directors: Mj Carstens (Chief Executive Officer), A Maarman, P Mokhall, G Oliphant,
Company Secretary: RE Phillips

Annexure "PHB 51"

Transcript: (27 May 2020)

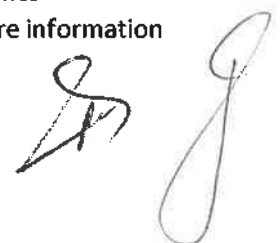
The Portfolio Committee on Public Enterprises and the Select Committee on Public Enterprises and Communication were briefed by the Alexkor Administrator on the outcomes of the forensic investigation and the turnaround plan. The Deputy Minister of the Department of Public Enterprises was in attendance.

The presentation highlighted the specific terms of reference by the Department which included, amongst others, an extensive review of and proposed solutions for the mining contract and revenue sharing models between the Alexkor Richtersveld Mining Company PSJV and the contractors. Future contracts should be determined on a scientific basis and be performance based. The Johannesburg office should be closed and the Chief Executive Officer, who is a mining engineer, should be relocated to the mine in Alexander Bay. The sales and marketing contract awarded to Scarlett Sky Investments was found to be irregular and in order to overcome this, an application for a diamond-trading license was made so that the contract can be cancelled. It's anticipated that the license will be issued in mid-June of this year. The Department fell short in providing the Administrator with all available information and data and in rendering assistance without unreasonable delay. It was highlighted that the town of Alexander Bay must be handed over to the Alexander Bay Municipality, the property portfolio in Port Nolloth and Alexander Bay must be sold and a task team must be established to deal with the issue of illegal mining.

Members were also briefed by the Department of Public Enterprises on the state of Alexkor and the proposed future options. The presentation highlighted the inconsistent carat production over the past 5 years due to worsening weather conditions, declining quality of land diamonds resources and no production from deep sea operations. Alexkor is currently not a going concern and is expected to run out of cash by the end of June of this year. The current cash position is insufficient to cover the operating expenses. Government has not supported the request for additional equity primarily because the business model is not sustainable and the Public Finance Management Act doesn't apply which makes it difficult to put public funds into a structure where the funds can't be properly accounted for. The Department's preferred option must still be discussed by the cluster and Cabinet. The preferred option includes the transfer of the remaining Deed of Settlement obligations to the Department, the transfer of municipal functions which are currently being executed by Alexkor, the winding up of Alexkor's head office operations and consultations with the Richtersveld community.

Members raised concern on the issue of heavily armed illegal miners, the trend of mismanagement and theft across state-owned enterprises and that the presentations barely touched upon the role of management and the state in the situation. Members raised concern that the Department failed to provide its information to the Administrator in order for him to perform his work. Members asked whether there are prosecutions against the executive members of Scarlett Sky Investments and how far the process is on handing over responsibility of Alexander Bay to the municipality. Members raised concern that the exploration and mining plan should be done by the company rather than outsourced contractors. It was also asked why the irregular appointment of Scarlett Sky Investments was not referred to the Public Protector, how far the application process is for a trading license, feedback on the disciplinary action case against the Chief Executive Officer and how the Department provides support and socio-economic activity for the community.

Members asked to be provided with the full forensic report, more details and timeframes concerning the Johannesburg office, more information on the usage of fuel cards, more information

Two handwritten signatures in black ink, one on the left and one on the right, appearing to be initials or names.

on the investigation into the relationship between Alexkor and the PSJV and for a clear report on the duties of the Administrator, what he was able to execute and how the R17 million is accounted for. Members also raised concern on the capacity of the Department, whether it consulted with the relevant stakeholders when retrenching its employees and whether there are any pending court cases lodged by the Department against those implicated in the investigation. Members raised concern that the issues facing Alexander Bay are as old as 10 years and are yet to be resolved. It was asked whether the factory in Alexander Bay was still using old and outdated equipment, why the local populace do not benefit from the business and to what extent the Gupta family is involved in Alexkor.

Meeting report

Opening remarks

Co-Chairperson Magaxa welcomed Members, the Deputy Minister of the Department of Public Enterprises (DPE) and officials of the Department to the meeting. He asked the Deputy Minister to provide a political overview before the Department begins its presentation.

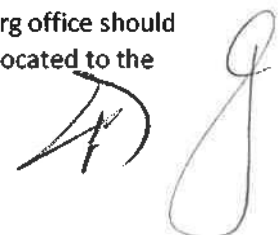
Mr Phumulo Masualle, Deputy Minister of Public Enterprises, said the Alexkor Administrator should present his report before the Department does. The Department will provide an input on the state of affairs beyond the life of the Administrator. The Administrator was appointed on a fixed term contract with a duration of 6 months. This duration has been exhausted. Where his work was not completed within the fixed term, the Department had to see to the completion of such work.

Co-Chairperson Magaxa asked the Administrator to begin his presentation.

Briefing by the Alexkor Administrator

Mr Lloyd McPatie, Alexkor Administrator, said he wasn't hired to do a forensic report. He was given specific terms of reference by the Department and the presentation will highlight this. He had to fulfil the following 3 roles: Executive Chairperson of Alexkor, Chairperson of the Pooling and Sharing Joint Venture (PSJV) and the Chairperson of the Rehabilitation Trust. All of these positions came with their own challenges. In the first role, Alexkor is not a going concern and has serious financial challenges. In the second role, the Deed of Settlement indicates that the PSJV Board should contain 3 members from Alexkor and 3 members from PSJV. The Administrator was the only one from Alexkor and this created challenges during Board meetings. The 3 court-appointed PSJV Board members were appointed in December 2019. In the third role, Alexkor approached the National Treasury (NT) to do the rehabilitation but this proposal was rejected. The Department was going to renegotiate with the NT on this issue.

Mr McPatie said his terms of reference included an extensive review of and proposed solutions for the mining contract and revenue sharing models between the Alexkor Richtersveld Mining Company (RMC) PSJV and the contractors. The mine uses contract miners and the revenue splits tend to favour the contractors. Future contracts should be determined on a scientific basis, by looking at past geological data, so that it can be more equitable towards the PSJV. The contracts will also be performance based. This will help in separating the poor performing contractors from the good ones. At the moment, there are more than 100 contractors at the mine which makes it extremely difficult to manage. There was a negligence of the usage of fuel cards and the Acting Chief Financial Officer (CFO) was instructed to monitor this on a monthly basis. In reviewing duplicated functions at Alexkor head office and at Alexkor RMC PSJV, it was proposed that the Johannesburg office should be closed and the Chief Executive Officer (CEO), as a mining engineer, should be relocated to the



mine in Alexander Bay. The current rent is still being paid because the Department hasn't discussed a reduction in the penalty yet.

Mr McPatie said the Sales and Marketing contract awarded to Scarlett Sky Investments (SSI) was found to be irregular. The difficulty with cancelling the contract immediately is because of the financial situation. SSI is selling diamonds on a monthly basis and if the PSJV doesn't sell diamonds, it will have no money to pay its contractors or to pay for water and electricity. It provides electricity for the entire town. The community is poverty-stricken and there will no money to pay salaries if the contract is cancelled immediately. An application for a diamond-trading license has been made and it's anticipated by the CEO that the license will be issued by mid-June of this year. Once issued, the contract can be cancelled and diamonds can be sold on any platform. The Department fell short in providing the Administrator with all available information and data and in rendering assistance without unreasonable delay. A significant portion of Alexkor's monthly operational costs is related to the management of Alexander Bay. This should not be Alexkor's responsibility and the town must be handed over to the Alexander Bay Municipality. During winter it's extremely difficult for the PSJV to operate so it is suggested that a winter period shutdown is implemented. There is a whole host of issues concerning the property portfolio in Port Nolloth and Alexander Bay and therefore the properties should be sold. Illegal miners are armed and aggressive so a task team needs to be established in order to deal with this issue.

Briefing by the Department of Public Enterprises

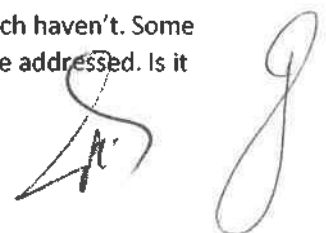
Ms Makgola Makololo, Acting Deputy Director-General: Energy, DPE, said the PSJV carat production has been inconsistent over the last 5 years. The reasons for poor performance include worsening weather conditions, declining quality of land diamonds resources and no production from deep sea operations. Other mining companies have exited the Richtersveld operations due to the decline in the quality of diamonds. Alexkor is currently not a going concern and is expected to run out of cash by the end of June of this year. The current cash position is not sufficient to cover the operating expenses. Government has not supported the request for additional equity primarily because the business model is not sustainable. Even though the Deed of Settlement propels government to put money into the PSJV, the PSJV is not subjected to the Public Finance Management Act (PFMA) and this makes it difficult to put public funds into a structure where the funds can't be properly accounted for. The decreasing revenue trend is likely to continue because there is no clear mine plan, high operating costs and the fact that deep-sea mining is not operational. The Department's preferred option is still being discussed in government and discussions must still occur with the cluster and Cabinet. The preferred option includes the transfer of the remaining Deed of Settlement obligations to the Department, the transfer of municipal functions which are currently being executed by Alexkor, the winding up of Alexkor's head office operations and consultations with the Richtersveld community.

Deputy Minister Masualle said the forensic investigation report has been provided to members. It includes a summarized table with each of the recommendations and the action steps taken.

Co-Chairperson Matibe asked members to raise questions.

Discussion

Mr S Gumede (ANC) asked for reports to be sent to members earlier. Members are now flooded with reports and it gets confusing as to which reports have been received and which haven't. Some of the reports are thick. This tendency of not submitting reports timeously must be addressed. Is it

Two handwritten signatures in black ink are located at the bottom right of the page. The first signature is a stylized 'S' with a horizontal line through it, and the second is a large, looped 'J'.

legally competent, if not ethically correct, to have both financial persons resigning at the very same time and with immediate effect? It's suspicious if they both leave without any prior notification. On the issue of heavily armed illegal miners, what is the Department doing in such an instance? What is the kind of relationship between the Department, Alexkor and the PSJV? Option 6 indicates a rebirth or reincarnation where the entity is seen as a new person that may even be given a new name. Won't the community be troublesome in this process of rebirthing an organisation? Out of all of the options he would have preferred option 5 because it leaves the community with work. The PSJV is technically insolvent, the Administrator states it's not resourced and there is no capacity to run the company. This challenge brings into question whether option 6 is appropriate in this kind of situation.

Mr G Cachalia (DA) said Alexkor's stated intent is to support the national development goals, optimize national resources, promote beneficiation and increase participation in the local and international diamond industry. On all of these parameters, it has failed spectacularly over many years. It's a case study in mismanagement and theft. Every villain in the industry and every player in state capture have been complicit in this demise. The report of the Administrator bears some testament to this sad state of affairs. The Administrator's recommendations concerning the Johannesburg head office, the PSJV and the SSI are sound but other areas such as the role of the Board, management and the state in this debacle is barely touched upon. Places like Botswana, Namibia, Tanzania, Canada and Australia show the viability of either private ownership or an appropriately governed and equal relationship between a private investor and government with proper governance in place enabling the accountability and scrutiny during investments. None of this has been in place in Alexkor. Regardless of whether it was under the stewardship of the previous or current administration, it represents a significant market failure in the hands of state ownership.

Mr Cachalia said the Department's preferred option is to cede mining rights to a SOC reporting to the Department of Mineral Resources and Energy (DMRE) with a new community shareholder. This represents the same situation which has led to a bleeding fiscus, a community sold down the river, gross impropriety and a failure by government. In view of the ongoing debacle, the only credible solution appears to be liquidation or sale to the private sector in the face of insolvency and reckless trading. Purchasers can be found if the price, terms and underlying assets merit it. What are the costs of administration? Is there a schedule of activities, time and associated costs? Are there prosecutions in the pipeline for SSI executives and other complicit entities including management and the Board? Have there been expressions of interest from other players in the industry? In looking at the options and wishes of government departments, what are the obligations under the Companies Act given the insolvency and reckless trading which the Administrator has uncovered?

Mr Cachalia said miners are not mining in the dark north of the river. How do you count the success of profitable trading north of the river? Does this not point to management's deficiency over many years? How far is the process of the municipality taking control of Alexander Bay? Should any geological exploration and mining plan rather be done by the company? If it is outsourced to a contractor then the company has no control over it. It will be irregular if it's in the hands of the contractor. In terms of the recapitalization option, who is expected to foot the bill? Is it the tax payer again? Any prospective purchaser of mining rights will do their own due diligence. In terms of a sale option, it is common practice for the purchaser to determine what lies there, what the value is and what they are buying. To put this as an impediment to the sale option is nonsensical. If you can't deliver on your core business then surely you have no business embarking on non-core businesses such as agriculture?



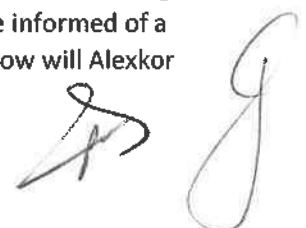
Ms O Maotwe (EFF) said there seems to be a bit of confusion between the Deputy Minister and what he expected the Administrator to present. His opening remark indicated that the Administrator would present the forensic report but this was not part of the mandate. In future, the forensic report should be given to members because it will be very helpful. The Johannesburg office must be closed down because it's not serving any purpose. How far is the Department in negotiating with the estate agent? What has it done so far? If it doesn't agree with the estate agent, why doesn't it take him to court to nullify the contract? On the irregular appointment of the SSI company, is the application for a trading license the only option to nullify the irregular contract? Why doesn't the Department refer the irregular appointment to law enforcement agencies such as the Public Protector? The license is expected in June. How far is the application? Since the Administrator is no longer in place, who is keeping track of the application? Money needs to be set aside to save the mine. The full project life cycle, including feasibility studies, must be done. When are you going to do the feasibility study? What is preventing the Department from starting that process?

Ms J Mkhwanazi (ANC) asked if members can be provided with details and timelines on the current position of the Johannesburg office. Can the Department take members through its capacity to process the Administrator's report? Is the Department able to perform its duties and handle option 6? What is the capacity of the Department itself?

Mr A Arnolds (EFF; Western Cape) said it's concerning that the Administrator struggled to get information from the Department in order to do his work. Can the Department provide reasons for this? Can members receive more information on the investigation into the relationship between Alexkor and the PSJV? The summary provided to members is very short. The disciplinary action case against the CEO is ongoing. The irregular exclusion of appointing miners is a serious matter. Can members receive feedback on the case? The Commission for Conciliation, Mediation and Arbitration (CCMA) case concerning the irregular exclusion of appointments of contractors and tenders is another matter. The investigation report contains an allegation that there was only 1 member on the Department's Tender Committee to conduct oversight over the entity. What is the reason for the irregularity not being detected and adhered to? On the usage of fuel cards, can the Administrator provide more information so that members can see what was actually spent, how it was spent and how it was corrected?

Ms W Ngwenya (ANC; Gauteng) said that President Ramaphosa stated in his State of the Nation Address (SONA) in February 2020 that there is a move from establishing state-owned enterprises (SOE's) to repurposing these strategic companies to support growth and development. This sentiment is relevant to Alexkor because members are looking forward to a lasting turnaround plan. Alexkor is planning to retrench about 2 employees. Did the Department consult with the relevant stakeholders such as organised labour, civic society and other relevant structures? If yes, how did the consultation process go with these structures? If no, why not? Are there any pending court or litigation cases lodged by the Department against those implicated by the investigation, apart from the ones already mentioned in the presentation? If yes, what is the nature of the findings against those implicated? Why has the mismanagement of Alexkor proven to be such a difficult challenge to overcome?

Ms Ngwenya said the Select Committee on Public Enterprises and Communication had a meeting the [previous day](#) with Minister Gwede Mantashe and the DMRE where members were informed of a decline in the demand of diamonds that may impact the exporting of diamonds. How will Alexkor



sustain its own business of producing diamonds if there is decline in the demand of diamonds globally? The Johannesburg office must be moved to Alexander Bay to ensure compliance and work as the oversight office. Staff contracts seem to be a part of the challenge. Staff retention creates the possibility to attract sustainable, qualified and permanent persons in order to avoid CCMA and settlement cases.

Ms C Phiri (ANC) said one of the duties of the Department is to monitor, evaluate and give support to SOE's. It seems like the Department is doing its work and people are assigned to specific SOE's but there is a clear trend of the situation becoming messy. What is the Department doing before things get messy? The Department submits monthly reports. When it immediately finds out there is a challenge, what kind of support is given to the SOE? If such an enterprise is not abiding to the terms and references it's given, what are the steps taken by the Department to ensure the situation changes and a messy situation is avoided? All of the SOE's are in a similar state. Why is the Department even there to give oversight and support? A direction was given by President Ramaphosa at SONA but members don't really see these things happening.

Ms T Modise (ANC; North West) asked whether the representative from the Richtersveld community was engaged on option 6. If there was an engagement, what was the community response?

Ms J Tshabalala (ANC) noted the mandate of the Administrator was to restore governance. What would he say he has managed to do to assist and restore some order in the entity? Was there any value for money in the work that he executed? Is he confident with himself? Was there an exchange between himself and the executive where he raised fundamental concerns? What lessons can the Department learn in this? What is being planned for the Department so that it has financial muscles for the Alexkor issue not to fall through the cracks? Can members be provided with a progress update on the future role of Alexkor and the socio-economic outcomes on the Richtersveld and Alexander Bay communities? Members are concerned about those communities. There is opportunity for socio-economic activity. How will the Department provide support to those communities?

Deputy Minister Masualle replied there was no confusion on his side. An impression might have been created that the Administrator would present the forensic report but this report was submitted by the Department. There is no problem in making the entire and full report available to members. The presentation is concise and user-friendly by focusing on key findings and actions on those findings.

Mr Kgathatso Tlhakudi, Acting Director-General, DPE, replied that the resignation of the financial persons raises a red flag. Where funds are running out fast, it creates a risk for these professionals. The funds are expected to run out by June so there is a clear mandate on what the deliverables should be. The issue of diamond theft at Alexkor is an old issue. It was estimated at some point that 25% of diamonds get stolen from Alexkor. A security company was brought in to assist with this. On the question of whether option 5 is preferable, the state of affairs with the community structures make it very hard to engage with them. When option 6 is implemented, a way will be found to make sure the communities are properly empowered. The communities have seen diamonds being taken out of their land since 1988 and have not seen any proceeds from it. Even after the new government has come in to ensure the deeds settlement is implemented, communities have still not seen proceeds coming their way. There is fighting within the community. Those who could get their hands on the resources sowed division within the community. The appointment of people who have sector

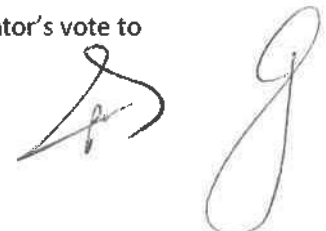
Two handwritten signatures in blue ink are located at the bottom right of the page. The first signature is a stylized, cursive name, and the second is a more vertical, looped signature.

specific knowledge is very important in the turnaround plan. Some of the capability can come from public-private partnerships. The average salary that mining companies pay their executives is extremely high compared to what is paid to their miners. It's a clear message that the capital system needs to be relooked at. A model is needed that is tailored specifically to the context of South Africa and that empowers communities.

Mr Tlhakudi explained that matters of state capture are referred to the Zondo Commission. In the past, the Administrator provided very concerning responses when asked why irregular contracts were not terminated. The power to affect such a decision lies with the Administrator as the accounting officer. Miners raised concerns that diamonds were getting sold through SSI and an analysis showed they were getting paid 40% below index. The contract was found to be irregular. The Department will step in to make sure diamonds are sold through the proper channels. On the obligations under the Companies Act given the reckless trading, the Department has developed options to ensure the situation is addressed. The Administrator was brought in as a temporary measure. On the difference in performance between the south and north side of the river, the criticism is linked to the quality of management. It was apparent that the suspended CEO of Alexkor was not suited to this particular task. The Board that was overlooking the business decided to proceed with him even though he had Human Relations (HR) qualifications and not mining qualifications. The diamonds tend to drift north as a result of the currents in the ocean. The resources have not been fully exploited in the past and this will be addressed going forward. The municipality needs to start taking responsibility over Alexander Bay town. On the issue of using the company instead of outsourcing mining contractors, this is something that needs to be looked at but it essentially boils down to management. If there is a proper team in place, this ideal can be realised.

Mr Tlhakudi informed Members that the buyer will normally conduct due diligence and determine the price instead of the seller. On conducting non-core businesses, Alexkor used to produce agricultural products due to the availability of water from the Orange River. This fed communities and created activities such as breeding shellfish as well as having a dairy farm. These are sustainable businesses that supply communities up the West Coast. On the contract with the landlord, the power to re-negotiate lies with the Board and management of Alexkor. All the Department can do is nudge growth in the right direction. Ultimately the contractual relationship does not involve the Department. On the exploration programme at the mine, exploration requires a lot of money that the Department and Alexkor do not have. It's in the hands of the professional team to come up with an innovative exploration solution because the Department is not in a position to undertake such a task. The Department is properly capacitated and resourced. Alexkor is a small business and the Department has a small team that works very closely with the Administrator. On conducting oversight over entities, the country has just emerged from an era where there has been a systemic breaking down and looting of SOE's. The Department has a very small team that spends long hours engaging in these issues. The damage that has already been done to these entities is quite horrendous and members need to really appreciate that.

Mr Tlhakudi replied that the Department has sorted out the governance issue, public funds have been mobilized to sort out the balance sheets and there is a focus on the operational performance of entities to ensure, with the support of the Board, that competent people are appointed at entities. It will take time to get there. These skills might have to be resourced from private entities. Option 6 is beyond the Department because it needs to be approved by government before it can be implemented. Alexkor has 51% of the shares in the PSJV group. The Administrator would vote on those shares. The Department has addressed the issue of using the Administrator's vote to



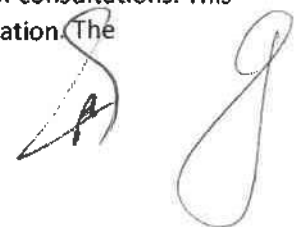
represent the government's interest. On the decline in the demand of diamonds, it's a difficult economic period to be seeking partners and new markets but Alexkor diamonds are some of the most sought after in the world. There will be a post-Covid-19 period where markets will recover. On lessons learnt, the Department has learnt the significance of having the right team in place. The issue of consolidation in the sector is also important. On Alexkor, the government could have done more in delivering socio-economic projects by working closely with the municipality. The region is unique, has a lot of value and has opportunity to improve the lives of people. The Department has been to the region with the head of the mining sector and conducted community engagements with contract miners. This has been very fruitful because the engagements prompted investigations. Members can assist the Department by getting other departments who have oversight over these areas to produce a joint solution.

Ms Morongwa Mothengu, Director: Mining, DPE, replied that in 2013/14 the Department gave the PSJV around R200 million to conduct exploration. That money has since depleted and the utilization of it was not properly managed. The Department believes that some of it was mismanaged and should have been used to ensure a better position for the PSJV. The Department has also assisted with a study where it paid half of the costs for a specialist in the diamond industry to conduct an overview of the land assets. That report is available to the PSJV. On illegal mining, the closing of operations in that area has resulted in the increase of Zama Zama's. It's a widespread issue because the goldmine is also experiencing it. The PSJV has established a monitoring security cluster in that area. There are weekly meetings and increased security has been established. In the Department, officials that are on the security cluster have been informed of the situation and have advised on how to assist the PSJV.

Mr Lemogang Pitsoe, CEO, Alexkor, replied that the trading license has been granted and all of the paper work will be received next week. There is a transitional agreement that indicates the handing over of the Alexander Bay town to the municipality with effect from 1 July 2020. Alexkor is currently spending almost R8 million per year on municipality activities.

Mr McPatie replied when he took on the position as Administrator, the PSJV had a debt of R126 million. R13 million of the debt was owed to SSI. In 2019, the Board ratified a loan agreement and backdated it. A focus repayment plan was put together for SSI, Eskom, medical aid and all of the creditors. This plan helped to lower the debt. He realised there was an abuse of garage cards, particularly the vehicle of the CEO. He lives in Cape Town and used the company vehicle on a weekly basis to attend meetings in Cape Town. The current Acting CFO has been instructed to monitor this abuse. He had received good support from management and saw a marked difference in the CEO. The CEO came up with good ideas because he felt like he was being listened to and engaged with. The role of the company secretary is underplayed because the support received from her was fantastic. At the mine, the current Acting CEO is a fantastic geologist. Between him and the CEO of Alexkor, they can create magic because they have fantastic ideas. On terminating the lease agreement, he engaged with the managing agent and it was made adamant that the lease must be paid until the end of the lease period. The Department said it would engage with the managing agent to see if a better deal can be reached. Even if he wanted to cancel the contract, the framework prevents him from doing so. On retrenching staff, there was only 10 staff members when he joined. He wrote to the Minister about the retrenchment and received no response.

Deputy Minister Masualle replied the Department is engaged in the process of consultations. This process will provide the decision on the proposed option to deal with the situation. The



recommendations from the Administrator's report have been consolidated into the options. Option 6 is a viable option going forward. The model itself includes the restoring of community dignity. The Department of Land Affairs is also on board with the community aspect. This aspect hasn't worked well in the rest of the partnerships. Part of repurposing SOE's is to relook at the standards and to make them sustainable. On the involvement of the private sector, it's not the time to resell. Other stakeholders need to be drawn into the thinking process and action going forward.

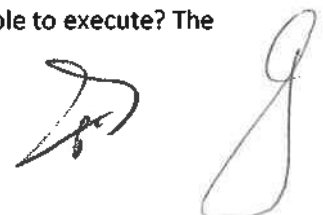
Co-Chairperson Matibe asked members to raise any follow-up questions.

Mr Cachalia said that mining rights are extremely valuable. It's clear that De Beer's is the only company able to mine the deep waters profitably and responsibly. Once you mine the resource, you have to market and sell the product. You need to ensure that you bypass the middle men and secure the requisite permissions to do so internationally to bypass cozy cartels that are in place locally who have sold diamonds at 30% less value than the index. This can only be explained by underreporting, theft and extreme negligence. If you do it correctly, the valuable properties that communities hold kick in and communities begin to benefit. To do so you need competent management that requires oversight and governance. As soon as it's feasible, members must do an oversight visit to the area and gain information from the horse's mouth.

Ms Maotwe said she is not happy with Mr Tlhakudi's responses. He is the Acting Director-General of all SOE's under the Department. How can he say that some matters are for the management? What has he done? The Administrator has referred matters to the Department. What has the Department done? It should be in the best interest to save money through a simple thing like cancelling lease agreements or taking people to court to nullify contracts. This can't be left unattended if it can save millions. Members must be taken seriously please.

Mr M Nhanha (DA; Eastern Cape) said that some time last year members were briefed by Alexkor and he would like to repeat what he said in that meeting. It's an indictment on government that issues as old as 10 years are yet to be resolved. The issue of who is responsible for service delivery in that township, revamping and dairy farms are the same old issues members heard about 10 years ago. The annual reports of Alexkor speak to this. The kind of community that lives in the Alexander Bay area don't deserve this. They need government more than ever before. On the factory at Alexander Bay, the last time members went there was in 2012 and there was old and outdated equipment. Most of the equipment was broken. What is the state of the equipment that is currently being used in the factory? If there is still old equipment, how do you expect the business to operate optimally while competitors are using cutting edge technology? The diamonds are transported from Alexander Bay to Johannesburg for processing and polishing. How do you expect to develop the area without localising the value add for the local populace? On matters referred to the Zondo Commission, in the fourth and fifth administration, there were 3 ministers reporting to the Gupta family. To what extent has the Gupta family been involved in engaging in the Alexkor business and the diamonds in Alexander Bay?

Ms Tshabalala said members had 2 engagements with Alexkor last year and the issue of the Administrator was at the centre of the meetings. This should be the point of departure. The Administrator and Board of directors have duties to restore normality and stability in order to maximize successful outcomes. What exactly did the Administrator do? What type of corruption was he in a position to root out? Has a right sized model been proposed? R17 million was put into the Department to bring stability into Alexkor. What exactly was the Administrator able to execute? The



impediments highlighted in the report don't answer this. Can members be furnished with a clear report around the duties of the Administrator, an accounting of the R17 million that was given and what exactly was done besides stating that offices must be closed down?

Ms C Labuschagne (DA; Western Cape) said she has been part of the Select Committee on Public Enterprises and Communication dealing with the Alexkor issues since 2014. The previous Committee called for the appointment of an Administrator and an investigation into the supply chain management. For the first time in 7 years, members are receiving reports and getting an indication of what is going wrong in Alexkor. Since 2014, members have been very worried that the community is not benefitting from the land claim and the contracts being done. The community can only benefit if there are economic options and if the mining is going to be viable. There needs to be some kind of income for the community. The Department must look into all of the options. The reporting of the state capture and corruptive activities to the Zondo Commission can take years. The Administrator's report contains a lot of information and the Department should follow through in laying criminal charges and doing the correct thing. She and the previous Chairperson of the Committee in the previous term received warnings to stay out of these issues. In the last meeting of the Fifth Parliament, the Committee called for the Department to refer these issues to the Zondo Commission. She said she's very glad to hear today that it's been done. The Department must take this further and do the right thing. That community is destroyed as it is and people are going to be further destroyed. She agreed with Mr Cachalia's suggestion for members to do an oversight visit.

Deputy Minister Masualle replied that members are welcome to visit the area. He personally undertook to correct some of the challenges highlighted by the Administrator so that when a matter is being dealt with, it can be taken to its logical conclusion without any delays. It's just a matter of improving communication. On the indictment on government, these are not easy challenges. Some are beyond the Department and involve the community who has not been stable over this period of time. From 1 July, the Department anticipates that all the municipal functions undertaken by Alexkor will be handed over to the local government. The Department is looking to put in place a market-sensitive and relevant mechanism that will see to the continued mining in the area with the necessary expertise. A detailed report will be provided to members relating to the breakdown of the expenses spent during the time of the appointed Administrator. On the issue of equipment, some of the investment decisions really left a lot of unanswered questions. The drawing of expertise to the area will be able to address this issue.

Co-Chairperson Magaxa said members will prioritise an oversight visit after the lockdown.

Mr Nhanha said the connection has been lost with Mr Tlhakudi and some questions were directed to him. The Deputy Minister may not be in a position to respond to those questions.

Co-Chairperson Magaxa said members will meet again, especially when finalising the budget, and be able to raise questions. Mr Tlhakudi can open the next meeting by responding to questions and members can raise follow-up issues. Do members agree with this?

Ms Maotwe agreed and asked whether there was an apology from the Minister.

Ms Ngwenya also agreed.

Co-Chairperson Magaxa said the Minister had to attend a Cabinet meeting.

A handwritten signature in black ink, consisting of a stylized first letter followed by a long, flowing tail.

The meeting was adjourned.

A handwritten signature in black ink, consisting of a stylized first letter followed by a series of loops and a long horizontal stroke.

Annexure "PHB 52"

PO Box 7 Sun City Resort 0316
 North West Province
 South Africa
 Telephone +27 (0) 14 557 5840
 Facsimile +27 (0) 14 557 3447
 www.suninternational.com



Linkway Trading (Pty) Ltd
 The New Age Corporate Park South
 52 Lachwe Street
 Old Pretoria Road
 Midrand GAU 1685
 South Africa

Guest Name	Lemogang Pitsoe	Hotel Name	Sun City Cascades Hotel
Arrival Date	01/05/13	Departure Date	03/05/13
Room No.	0315	Group Block	GUP31
Adults	2	AR Number	CO1717
Children	0	Rate Code	SPLPKGS
Payment	CA	ORS Res No.	12113030
Room Nights	2	PMS Res No.	3737650
Invoice No.		Printed By	
Voucher No.		Check In Time	18:06
Member No.		VAT Reg. No.	4400238236

Date	Description	Reference	Amount (ZAR)
01/05/13	In Room Dining Food Cascades	Line# 03R03 : CHECK# 3030131	145.00
	Balance		145.00 ZAR
	Total Incl. VAT		145.00 ZAR
	Total Amount Net		127.19 ZAR
	Non Vatable Total		0.00 ZAR
	VAT @ 14.00%		17.81 ZAR

This is a TAX INVOICE
 VAT Registration # 4830165496

Guest Signature: _____

Wishing you a safe journey home and we look forward to welcoming you back soon.

Annexure "PHB 53"

PHB 53



**DEPARTMENT: PUBLIC ENTERPRISES
REPUBLIC OF SOUTH AFRICA**

NATIONAL ASSEMBLY

PQ 954. Ms V van Dyk (DA) to ask the Minister of Public Enterprises:

- (1) Whether a certain chief executive officer, namely Mr Lemogang Pitsoe, Alexkor SOC Limited was a paid-for guest at the (a) Gupta Sun City wedding and/or (b) wedding of Varun Gupta in Jaipur, India;
- (2) (a) what was the process by which the specified person was appointed as chief executive officer, (b) on what date was the post advertised, (c) what is the name of each (i) candidate who (aa) applied, (bb) was shortlisted and (cc) interviewed and (ii) member who was on the selection panel and (d) what marine mining credentials does the person have; and
- (3) whether the person disclosed the relationship with a certain company's contract, namely JIC Mining Company with Heric Ferrochrome; if not, why not; if so, what are the relevant details? NW1040E

REPLY:

The response is based on information received from Alexkor SOC Limited.

- (1) (a) The response to the PQ that I have received from the CEO of Alexkor, Mr Lemogang Pitso, is that he attended the said weddings while he was in the employ of Heric Ferrochrome (Pty) Ltd. Mr Pitsoe was representing Mr Johan Swanepoel, who is the CEO of Heric, who could not attend due to unforeseen circumstances.
- (b) As per 1(a) above.
- (2) (a) The position was advertised in the Sunday Times on 26 February 2017. A panel was established comprising of board members to interview the short listed candidates. The preferred candidates were then put through a set of psychometric tests. This was done in line with Alexkor's recruitment and selection policy.

(b) 26 February 2017

(c) (i) (aa) The names of the candidates who applied for the position is in the possession of the Department and the members are welcome to request sight of said list.

The challenge in publicly disclosing the names is that application for these level positions is done on a confidential basis, and disclose may negatively affect the current employment relationship of the applicants. Besides, the disclosure cannot be done without the candidates giving the Department consent to disclose their names.

(bb) Same as (2)(c)(aa) above.

(cc) Same as (2)(c)(aa) above.

(ii) (bb) Ms H Matseke (Chairperson of the Board of Directors)

(cc) Mr T Matona (Member of the Board of Directors)

(dd) Ms B Makwella (Member of the Board of Directors)

(ee) Mr S Danana (Member of the Board of Directors)

(ff) Dr R Paul (Advisor to the Board of Directors)

(ff) Ms L Mphahlele (Leadership Talent, Service Provider as observer)

(d) Mr Pitsoe has extensive marine mining experience which he accumulated while employed by De Beers.

(3) Yes. Mr Pitsoe was employed at Heric (Pty Ltd as a General Manager. Heric and JIC Mining had a customer-supplier relationship, where HIC was a mining contractor to Heric. The information was not disclosed as it was not requested either in the job application forms of the interview. It can be recalled that Heric and JIC are private companies and did not have a relationship with DPE's SOCs.

We will be looking into these matters more closely in the coming weeks.

Annexure "PHB 54"

PHB 54

Derick de Beer

From: Mukul Teckchandani <MukulT@annex.co.za>
Sent: 16 July 2013 12:49
To: Ashu
Subject: Final Cascade List
Attachments: Book1 (6) (4).xlsx

Handwritten signature in black ink, consisting of a stylized 'A' followed by a large loop.

Sr No	Tag	Name	Spouse/ Sharer	Nights	Room Type
1	OSR	Jasleen Kaur	30/04-03/05	3	Family Lux
2	OSR	Deepak Chauhan	30/04-03/05	3	Twin Lux
3	OSR	Tushar Kaushik	30/04-03/05	3	Twin Lux
4	OSR	vachan chhibber	29/04-03/05	4	Twin Lux
5	SA Guests	Mike Barrow	01/05-03/05	2	Superior Lux
7	SA Guests	MR Jhetam	01/05-03/05	2	Family Lux
8	SA Guests	MJ Sussman	30/04-03/05	3	Family Lux
9	SA Guests	B Kramer	30/04-03/05	3	Family Lux
11	SA Guests	Girish Shukla	30/04-03/05	3	Family Lux
12	SA Guests	Ramesh Patel	30/04-03/05	3	Twin Lux
13	SA Guests	Noratom G Patel	30/04-03/05	3	Twin Lux
14	SA Guests	Sunil Bhikha	30/04-03/05	3	Twin Lux
15	SA Guests	HE Virendra Gupta	30/04-03/05	3	Family Lux
16	SA Guests	Pushkar Gokhale	30/04-03/05	3	Family Lux
17	SA Guests	Raman Dhawan	30/04-03/05	3	Family Lux
18	SA Guests	Iqbal M Sharma	30/04-03/05	3	Family Lux
19	SA Guests	Salim Essa	30/04-03/05	3	Twin Lux
20	SA Guests	Dr EG Pahad	30/04-03/05	3	Corner Lux
21	SA Guests	Junaid Pahad	30/04-03/05	3	Superior Lux
22	SA Guests	HE Armstrong Changsan	02/05-03/05	1	Family Lux
23	SA Guests	Sally M Padayachie	30/04-03/05	3	Twin Lux
24	SA Guests	Dr A Sooklah	30/04-03/05	3	Family Lux
25	SA Guests	Santha Naidu	30/04-03/05	3	Twin Lux
26	SA Guests	Ronnie Ntuli	02/05-03/05	1	Superior Lux
27	SA Guests	ZF Dawood	01/05-03/05	2	Twin Lux
28	SA Guests	Rafique Bagus	30/04-03/05	3	Twin Lux
29	SA Guests	Imtiaz Patel	30/04-03/05	3	Family Lux
31	SA Guests	Karl B Socikwa	01/05-03/05	2	Family Lux
	SA Guests	Karl B Socikwa	01/05-03/05	2	Family Lux
32	SA Guests	Romeo Kumalo	02/05-03/05	1	Corner Lux
33	SA Guests	Happy Ntshingila	01/05-03/05	2	Corner Lux
34	SA Guests	Chichi Maponya	01/05-03/05	2	Twin Lux
37	SA Guests	Jeff Molobela	02/05-03/05	1	Twin Lux
38	SA Guests	Ben Ngubane	30/04-03/05	3	Twin Lux
39	SA Guests	Hlaudi Motsoeneng	01/05-03/05	2	Twin Lux
41	SA Guests	Jimi Matthews	30/04-03/05	3	Twin Lux
42	SA Guests	Jimmy Manyi	02/05-03/05	1	Twin Lux
43	SA Guests	Yusha Duarte	02/05-03/05	1	Twin Lux
44	SA Guests	Supra Mahumapelo	30/04-03/05	3	Twin Lux
45	SA Guests	Sdumo Dlamini	01/05-03/05	2	Twin Lux
47	SA Guests	Mikki S M Xayiya	30/04-03/05	3	Twin Lux
48	SA Guests	M Moosa	02/05-03/05	1	Twin Lux
49	SA Guests	Bala Naidoo	01/05-03/05	2	Twin Lux
51	SA Guests	Mark Pamenski	02/05-03/05	1	Twin Lux
52	SA Guests	Jacques Wessels	30/04-03/05	3	Family Lux
53	SA Guests	Bavhana Sooku	30/04-03/05	3	Twin Lux

Sr No	Tag	Name	Spouse/ Sharer	Nights	Room Type
54	SA Guests	Carel Smit	30/04-03/05	3	Twin Lux
55	SA Guests	Moses Kgosana	01/05-03/05	2	Twin Lux
56	SA Guests	Gert Van Der Merwe		0	
57	SA Guests	Eric Wood	02/05-03/05	1	Twin Lux
59	SA Guests	Murari L Sharma	30/04-03/05	3	Twin Lux
60	SA Guests	Rakesh Wahí	30/04-03/05	3	Family Lux
61	SA Guests	Khulubuse Zuma	30/04-03/05	3	Superior Lux
64	SA Guests	Vathasallum Reddy	02/05-03/05	1	Twin Lux
65	SA Guests	Terrence D Moolman	30/04-03/05	3	Twin Lux
66	SA Guests	Paul M Jenkins	30/04-03/05	3	Twin Lux
67	SA Guests	Esmare Weideman	01/05-03/05	2	Family Lux
68	SA Guests	Kevin W Thyse	01/05-03/05	2	Family Lux
69	SA Guests	R Davies	30/04-03/05	3	Twin Lux
72	SA Guests	S Shabangu	02/05-03/05	1	Superior Lux
73	SA Guests	El Ebrahim	30/04-03/05	3	Family Lux
74	SA Guests	NM Nene	30/04-03/05	3	Twin Lux
75	SA Guests	Dr N Patel	30/04-03/05	3	Twin Lux
77	SA Guests	BH Holomisa	01/05-03/05	2	Family Lux
78	SA Guests	Heather Soo Young	01/05-02/05	1	Family Lux
79	SA Guests	Shamely	02/05-03/05	1	Twin Lux
86	SA Guests	Mr Ashok	30/04-03/05	3	Family Lux
87	SA Guests	Muzingaye Mxolisi Mc Arthur Dladla	01/05-03/05	2	Twin Lux
88	SA Guests	Chandrama Prasad	30/04-03/05	3	Twin Lux
89	SA Guests	Rustenburg Mayor	01/05-03/05	2	Twin Lux
90	SA Guests	Raj Pillay (Pyro techincian)	30/04-03/05	3	Twin Lux
91	SA Guests	Mr & Mrs Ali	30/04-03/05	3	Twin Lux
92	SA Guests	Mr Josiah & Mr Shabalala	01/05-03/05	2	Twin Lux
93	SA Guests	Nazeer Camarodeen	01/05-03/05	2	Twin Lux
94	SA Guests	Winston Innes (dudu Guest)	30/04-03/05	3	Family Lux
96	SA Guests	Sekgobelo E Magashule	30/04-03/05	3	Superior Lux
98	SA Guests	Nazeem Howa	01/05-03/05	2	Family Lux
100	SA Guests	R Michael Jones - Maseve	30/04-03/05	3	Twin Lux
101	SA Guests	Frank Hallem - Maseve.	30/04-03/05	3	Family Lux
102	SA Guests	Pran Maharajan - Maseve	01/05-03/05	2	Family Lux
103	SA Guests	Johan Swanepoel - Hernic	30/04-03/05	3	Twin Lux
104	SA Guests	Lemogang Pitsoe - Hernic	01/05-03/05	2	Family Lux
105	SA Guests	Francois Naude - Anglo Naude	01/05-03/05	2	Family Lux
107	SA Guests	Gary Naidoo	02/05-03/05	1	Twin Lux
108	SA Guests	Moegsin Williams	01/05-03/05	2	Family Lux
110	SA Guests	Wimpie van wyk	02/05-03/05	1	Family Lux
112	India Guests	Shakeel Ahmed Khan/Sumbul Ara	30/04-03/05	3	Twin Lux
113	India Guests	Suresh Kumar/Sanjay Singal	30/04-03/05	3	Twin Lux
115	India Guests	Adesh Kumar Tyagi/Mahima Tyagi	30/04-03/05	3	Twin Lux
117	India Guests	Ritu Tyagi/Vinayak Tyagi	30/04-03/05	3	Twin Lux
119	India Guests	Sudhanshu Trivedi/Shalini Trivedi	30/04-02/05	2	Garden Suite
123	India Guests	Subhash Chander Kalia	30/04-03/05	3	Twin Lux

Sr No	Tag	Name	Spouse/ Sharer	Nights	Room Type
124	India Guests	Ashok Kumar/Amit Kumar	30/04-03/05	3	Twin Lux
126	India Guests	Sandeep Singh Chauhan	30/04-03/05	3	Twin Lux
127	India Guests	Ajay Goel	30/04-03/05	3	Twin Lux
128	India Guests	Basik Singh Rana	30/04-03/05	3	Family Lux
129	India Guests	Raj Kumar Singh	30/04-03/05	3	Twin Lux
132	India Guests	Ramveer Singh	30/04-03/05	3	Twin Lux
133	India Guests	Ravindra Dhariwal/Rashmi Dhariwal	01/05-03/05	2	Twin Lux
138	India Guests	Huda Munaf Radiowala/Sana Huda	29/04-03/05	4	Family Lux
142	India Guests	Kamran Gani/Salma	29/04-03/05	4	Family Lux
143	India Guests	Sally Mudly Padayachie	30/04-03/05	3	Twin Lux
145	India Guests	Mansoor Badar/Saleem Khan	30/04-03/05	3	Twin Lux
148	India Guests	Abhishek Rajgarhia/Satish Kumar	30/04-03/05	3	Twin Lux
154	SA Guests	Jared Mortimer + one	30/04-03/05	3	Family Lux
155	SA Guests	Pierre Van Zyl+ one	30/04-03/05	3	Family Lux
156	SA Guests	Ridwaan Banderk + one	30/04-03/05	3	Family Lux
157	SA Guests	Martin Madlala + one	30/04-03/05	3	Family Lux
158	SA Guests	Lloyd Hill (Dudu Guest) + one	30/04-03/05	3	Family Lux
159	Wiz	Prapti & Maruschka	30/04-03/05	3	Twin Lux
160	SA Guests	Richard Mazaham + One	30/04-03/05	3	Family Lux
162	SA Guests	Dudu Zane Zuma	30/04-03/05	3	Superior Lux
163	SA Guests	JZ Wife 1	30/04-03/05	3	Suite
164	SA Guests	JZ Wife 2	30/04-03/05	3	Suite
165	SA Guests	JZ Wife 3	30/04-03/05	3	Suite
167	SA Guests	G Oliphant	02/05-03/05	1	Corner Lux
168	SA Guests	Juan Sell	01/05-03/05	2	Twin Lux
169	SA Guests	Rajnish Taneja	28/04-03/05	5	Twin Lux
170	SA Guests	Marut Sikka	28/04-03/05	5	Corner Lux
171	Vendor	Shikha	28/04-03/05	5	Twin Lux
172	Vendor	Shikha	28/04-03/05	5	Twin Lux
173	SA Guests	ZF Dawood	01/05-03/05	2	Twin Lux
174	SA Guests	Willie Byleveldt - Eastplats	02/05-03/05	1	Family Lux
178	SA Guests	Aziz Pahad	30/04-03/05	3	Twin Lux
179	India Guests	Neelima Jain	29/04-03/05	4	Corner Lux
180	India Guests	Sudanshu Mittal	30/04-03/05	3	Twin Lux
185	India Guests	Rohtash Goel & Sushma Goel	30/04-01/05	1	Corner Lux
186	India Guests	Amit Vaish	01/05-03/05	2	Twin Lux
187	India Guests	Udit Mittal & Sandeep Dhaiya	01/05-03/05	2	Twin Lux
188	India Guests	Irfan Allana	01/05-03/05	2	Corner Lux
189	India Guests	Deep Malhotra	30/04-03/05	3	Superior Lux
New	India Guests	Satyanaryan Aggarwal	30/04-03/05	3	Family Lux
New	India Guests	Amar Swaroop	01/05-03/05	2	Family Lux
New	India Guests	P.N Doot	01/05-03/05	2	Suite
New	SA Guests	JP Arora	02/05-03/05	1	Twin Lux
New	SA Guests	Clint Buckham	30/04-03/05	3	Twin Lux
New	India Guests	Jagaesh Rakshan	01/05-03/05	2	Suite
New	India Guests	Rajesh Nathani	01/05-03/05	2	Twin Lux

Sr No	Tag	Name	Spouse/ Sharer	Nights	Room Type
New	SA Guests	Security Shooter	01/05-03/05	2	Twin Lux
New	SA Guests	Security Shooter	01/05-03/05	2	Twin Lux
New	SA Guests	Dr D Van Der Merwe	01/05-03/05	2	Twin Lux
New	India Guests	Rahul Jain	01/05-03/05	2	Twin Lux
New	India Guests	Ravi Lalpuria	30/04-03/05	3	Twin Lux
New	SA Guests	Prince Buthelize	01/05-03/05	2	Suite
New	India Guests	Laxmi Devi	30/04-03/05	3	Twin Lux
New	SA Guests	Own Use	02/05-03/05	1	PS Suite
New	SA Guests	Lucille Jacobs	02/05-03/05	1	Twin Lux



Sr No	Tag	Name	Spouse/ Sharer	Nights	Room Type
1	OSR	Jasleen Kaur	30/04-03/05	3	Family Lux
2	OSR	Deepak Chauhan	30/04-03/05	3	Twin Lux
3	OSR	Tushar Kaushik	30/04-03/05	3	Twin Lux
4	OSR	vachan chhibber	29/04-03/05	4	Twin Lux
5	SA Guests	Mike Barrow	01/05-03/05	2	Superior Lux
7	SA Guests	MR Jhetam	01/05-03/05	2	Family Lux
8	SA Guests	MJ Sussman	30/04-03/05	3	Family Lux
9	SA Guests	B Kramer	30/04-03/05	3	Family Lux
11	SA Guests	Girish Shukla	30/04-03/05	3	Family Lux
12	SA Guests	Ramesh Patel	30/04-03/05	3	Twin Lux
13	SA Guests	Noratam G Patel	30/04-03/05	3	Twin Lux
14	SA Guests	Sunil Bhikha	30/04-03/05	3	Twin Lux
15	SA Guests	HE Virendra Gupta	30/04-03/05	3	Family Lux
16	SA Guests	Pushkar Gokhale	30/04-03/05	3	Family Lux
17	SA Guests	Raman Dhawan	30/04-03/05	3	Family Lux
18	SA Guests	Iqbal M Sharma	30/04-03/05	3	Family Lux
19	SA Guests	Salim Essa	30/04-03/05	3	Twin Lux
20	SA Guests	Dr EG Pahad	30/04-03/05	3	Corner Lux
21	SA Guests	Junaid Pahad	30/04-03/05	3	Superior Lux
22	SA Guests	HE Armstrong Changsan	02/05-03/05	1	Family Lux
23	SA Guests	Sally M Padayachie	30/04-03/05	3	Twin Lux
24	SA Guests	Dr A Sooklah	30/04-03/05	3	Family Lux
25	SA Guests	Santha Naidu	30/04-03/05	3	Twin Lux
26	SA Guests	Ronnie Ntuli	02/05-03/05	1	Superior Lux
27	SA Guests	ZF Dawood	01/05-03/05	2	Twin Lux
28	SA Guests	Rafique Bagus	30/04-03/05	3	Twin Lux
29	SA Guests	Imtiaz Patel	30/04-03/05	3	Family Lux
31	SA Guests	Karl B Socikwa	01/05-03/05	2	Family Lux
	SA Guests	Karl B Socikwa	01/05-03/05	2	Family Lux
32	SA Guests	Romeo Kumalo	02/05-03/05	1	Corner Lux
33	SA Guests	Happy Ntshingila	01/05-03/05	2	Corner Lux
34	SA Guests	Chichi Maponya	01/05-03/05	2	Twin Lux
37	SA Guests	Jeff Molobela	02/05-03/05	1	Twin Lux
38	SA Guests	Ben Ngubane	30/04-03/05	3	Twin Lux
39	SA Guests	Hlaudi Motsoeneng	01/05-03/05	2	Twin Lux
41	SA Guests	Jimi Matthews	30/04-03/05	3	Twin Lux
42	SA Guests	Jimmy Manyi	02/05-03/05	1	Twin Lux
43	SA Guests	Yusha Duarte	02/05-03/05	1	Twin Lux
44	SA Guests	Supra Mahumapelo	30/04-03/05	3	Twin Lux
45	SA Guests	Sdumo Dlamini	01/05-03/05	2	Twin Lux
47	SA Guests	Mikki S M Xayiya	30/04-03/05	3	Twin Lux
48	SA Guests	M Moosa	02/05-03/05	1	Twin Lux
49	SA Guests	Bala Naidoo	01/05-03/05	2	Twin Lux
51	SA Guests	Mark Pamenski	02/05-03/05	1	Twin Lux
52	SA Guests	Jacques Wessels	30/04-03/05	3	Family Lux
53	SA Guests	Bavhana Sooku	30/04-03/05	3	Twin Lux

Sr No	Tag	Name	Spouse/ Sharer	Nights	Room Type
54	SA Guests	Carel Smit	30/04-03/05	3	Twin Lux
55	SA Guests	Moses Kgosana	01/05-03/05	2	Twin Lux
56	SA Guests	Gert Van Der Merwe		0	
57	SA Guests	Eric Wood	02/05-03/05	1	Twin Lux
59	SA Guests	Murari L Sharma	30/04-03/05	3	Twin Lux
60	SA Guests	Rakesh Wahi	30/04-03/05	3	Family Lux
61	SA Guests	Khulubuse Zuma	30/04-03/05	3	Superior Lux
64	SA Guests	Vathasallum Reddy	02/05-03/05	1	Twin Lux
65	SA Guests	Terrence D Moolman	30/04-03/05	3	Twin Lux
66	SA Guests	Paul M Jenkins	30/04-03/05	3	Twin Lux
67	SA Guests	Esmare Weideman	01/05-03/05	2	Family Lux
68	SA Guests	Kevin W Thyse	01/05-03/05	2	Family Lux
69	SA Guests	R Davies	30/04-03/05	3	Twin Lux
72	SA Guests	S Shabangu	02/05-03/05	1	Superior Lux
73	SA Guests	El Ebrahim	30/04-03/05	3	Family Lux
74	SA Guests	NM Nene	30/04-03/05	3	Twin Lux
75	SA Guests	Dr N Patel	30/04-03/05	3	Twin Lux
77	SA Guests	BH Holomisa	01/05-03/05	2	Family Lux
78	SA Guests	Heather Soo Young	01/05-02/05	1	Family Lux
79	SA Guests	Shamely	02/05-03/05	1	Twin Lux
86	SA Guests	Mr Ashok	30/04-03/05	3	Family Lux
87	SA Guests	Muzingaye Mxolisi Mc Arthur Dladla	01/05-03/05	2	Twin Lux
88	SA Guests	Chandrama Prasad	30/04-03/05	3	Twin Lux
89	SA Guests	Rustenburg Mayor	01/05-03/05	2	Twin Lux
90	SA Guests	Raj Pillayu (Pyro techincian)	30/04-03/05	3	Twin Lux
91	SA Guests	Mr & Mrs Ali	30/04-03/05	3	Twin Lux
92	SA Guests	Mr Josiah & Mr Shabalala	01/05-03/05	2	Twin Lux
93	SA Guests	Nazeer Camarooddeen	01/05-03/05	2	Twin Lux
94	SA Guests	Winston Innes (dudu Guest)	30/04-03/05	3	Family Lux
96	SA Guests	Sekgobelo E Magashule	30/04-03/05	3	Superior Lux
98	SA Guests	Nazeem Howa	01/05-03/05	2	Family Lux
100	SA Guests	R Michael Jones - Maseve	30/04-03/05	3	Twin Lux
101	SA Guests	Frank Hallem - Maseve.	30/04-03/05	3	Family Lux
102	SA Guests	Pran Maharajan - Maseve	01/05-03/05	2	Family Lux
103	SA Guests	Johan Swanepoel - HERNIC	30/04-03/05	3	Twin Lux
104	SA Guests	Lemogang Pitsoe - HERNIC	01/05-03/05	2	Family Lux
105	SA Guests	Francois Naude - Anglo Naude	01/05-03/05	2	Family Lux
107	SA Guests	Gary Naidoo	02/05-03/05	1	Twin Lux
108	SA Guests	Moegsin Williams	01/05-03/05	2	Family Lux
110	SA Guests	Wimpie van wyk	02/05-03/05	1	Family Lux
112	India Guests	Shakeel Ahmed Khan/Sumbul Ara	30/04-03/05	3	Twin Lux
113	India Guests	Suresh Kumar/Sanjay Singal	30/04-03/05	3	Twin Lux
115	India Guests	Adesh Kumar Tyagi/Mahima Tyagi	30/04-03/05	3	Twin Lux
117	India Guests	Ritu Tyagi/Vinayak Tyagi	30/04-03/05	3	Twin Lux
119	India Guests	Sudhanshu Trivedi/Shalini Trivedi	30/04-02/05	2	Garden Suite
123	India Guests	Subhash Chander Kalia	30/04-03/05	3	Twin Lux

Sr No	Tag	Name	Spouse/ Sharer	Nights	Room Type
124	India Guests	Ashok Kumar/Amit Kumar	30/04-03/05	3	Twin Lux
126	India Guests	Sandeep Singh Chauhan	30/04-03/05	3	Twin Lux
127	India Guests	Ajay Goel	30/04-03/05	3	Twin Lux
128	India Guests	Basik Singh Rana	30/04-03/05	3	Family Lux
129	India Guests	Raj Kumar Singh	30/04-03/05	3	Twin Lux
132	India Guests	Ramveer Singh	30/04-03/05	3	Twin Lux
133	India Guests	Ravindra Dhariwal/Rashmi Dhariwal	01/05-03/05	2	Twin Lux
138	India Guests	Huda Munaf Radiowala/Sana Huda	29/04-03/05	4	Family Lux
142	India Guests	Kamran Gani/Salma	29/04-03/05	4	Family Lux
143	India Guests	Sally Mudly Padayachie	30/04-03/05	3	Twin Lux
145	India Guests	Mansoor Badar/Saleem Khan	30/04-03/05	3	Twin Lux
148	India Guests	Abhishek Rajgarhia/Satish Kumar	30/04-03/05	3	Twin Lux
154	SA Guests	Jared Mortimer + one	30/04-03/05	3	Family Lux
155	SA Guests	Pierre Van Zyl+ one	30/04-03/05	3	Family Lux
156	SA Guests	Ridwaan Banderk + one	30/04-03/05	3	Family Lux
157	SA Guests	Martin Madlala + one	30/04-03/05	3	Family Lux
158	SA Guests	Lloyd Hill (Dudu Guest) + one	30/04-03/05	3	Family Lux
159	Wiz	Prapti & Maruschka	30/04-03/05	3	Twin Lux
160	SA Guests	Richard Mazaham + One	30/04-03/05	3	Family Lux
162	SA Guests	Dudu Zane Zuma	30/04-03/05	3	Superior Lux
163	SA Guests	JZ Wife 1	30/04-03/05	3	Suite
164	SA Guests	JZ Wife 2	30/04-03/05	3	Suite
165	SA Guests	JZ Wife 3	30/04-03/05	3	Suite
167	SA Guests	G Oliphant	02/05-03/05	1	Corner Lux
168	SA Guests	Juan Sell	01/05-03/05	2	Twin Lux
169	SA Guests	Rajnish Taneja	28/04-03/05	5	Twin Lux
170	SA Guests	Marut Sikka	28/04-03/05	5	Corner Lux
171	Vendor	Shikha	28/04-03/05	5	Twin Lux
172	Vendor	Shikha	28/04-03/05	5	Twin Lux
173	SA Guests	ZF Dawood	01/05-03/05	2	Twin Lux
174	SA Guests	Willie Byleveldt - Eastplats	02/05-03/05	1	Family Lux
178	SA Guests	Aziz Pahad	30/04-03/05	3	Twin Lux
179	India Guests	Neelima Jain	29/04-03/05	4	Corner Lux
180	India Guests	Sudanshu Mittal	30/04-03/05	3	Twin Lux
185	India Guests	Rohtash Goel & Sushma Goel	30/04-01/05	1	Corner Lux
186	India Guests	Amit Vaish	01/05-03/05	2	Twin Lux
187	India Guests	Udit Mittal & Sandeep Dhaiya	01/05-03/05	2	Twin Lux
188	India Guests	Irfan Allana	01/05-03/05	2	Corner Lux
189	India Guests	Deep Malhotra	30/04-03/05	3	Superior Lux
New	India Guests	Satyanaryan Aggarwal	30/04-03/05	3	Family Lux
New	India Guests	Amar Swaroop	01/05-03/05	2	Family Lux
New	India Guests	P.N Doot	01/05-03/05	2	Suite
New	SA Guests	JP Arora	02/05-03/05	1	Twin Lux
New	SA Guests	Clint Buckham	30/04-03/05	3	Twin Lux
New	India Guests	Jagaesh Rakshan	01/05-03/05	2	Suite
New	India Guests	Rajesh Nathani	01/05-03/05	2	Twin Lux

Sr No	Tag	Name	Spouse/ Sharer	Nights	Room Type
New	SA Guests	Security Shooter	01/05-03/05	2	Twin Lux
New	SA Guests	Security Shooter	01/05-03/05	2	Twin Lux
New	SA Guests	Dr D Van Der Merwe	01/05-03/05	2	Twin Lux
New	India Guests	Rahul Jain	01/05-03/05	2	Twin Lux
New	India Guests	Ravi Lalpuria	30/04-03/05	3	Twin Lux
New	SA Guests	Prince Buthelize	01/05-03/05	2	Suite
New	India Guests	Laxmi Devi	30/04-03/05	3	Twin Lux
New	SA Guests	Own Use	02/05-03/05	1	PS Suite
New	SA Guests	Lucille Jacobs	02/05-03/05	1	Twin Lux



Annexure "PHB 55"

Sr No	Tag	Name	Spouse/ Sharer	Nights	Room Type
1	OSR	Jasleen Kaur	30/04-03/05	3	Family Lux
2	OSR	Deepak Chauhan	30/04-03/05	3	Twin Lux
3	OSR	Tushar Kaushik	30/04-03/05	3	Twin Lux
4	OSR	vachan chhibber	29/04-03/05	4	Twin Lux
5	SA Guests	Mike Barrow	01/05-03/05	2	Superior Lux
7	SA Guests	MR Jhetam	01/05-03/05	2	Family Lux
8	SA Guests	MJ Sussman	30/04-03/05	3	Family Lux
9	SA Guests	B Kramer	30/04-03/05	3	Family Lux
11	SA Guests	Girish Shukla	30/04-03/05	3	Family Lux
12	SA Guests	Ramesh Patel	30/04-03/05	3	Twin Lux
13	SA Guests	Noratam G Patel	30/04-03/05	3	Twin Lux
14	SA Guests	Sunil Bhikha	30/04-03/05	3	Twin Lux
15	SA Guests	HE Virendra Gupta	30/04-03/05	3	Family Lux
16	SA Guests	Pushkar Gokhale	30/04-03/05	3	Family Lux
17	SA Guests	Raman Dhawan	30/04-03/05	3	Family Lux
18	SA Guests	Iqbal M Sharma	30/04-03/05	3	Family Lux
19	SA Guests	Salim Essa	30/04-03/05	3	Twin Lux
20	SA Guests	Dr EG Pahad	30/04-03/05	3	Corner Lux
21	SA Guests	Junaid Pahad	30/04-03/05	3	Superior Lux
22	SA Guests	HE Armstrong Changsan	02/05-03/05	1	Family Lux
23	SA Guests	Sally M Padayachie	30/04-03/05	3	Twin Lux
24	SA Guests	Dr A Sooklah	30/04-03/05	3	Family Lux
25	SA Guests	Santha Naidu	30/04-03/05	3	Twin Lux
26	SA Guests	Ronnie Ntuli	02/05-03/05	1	Superior Lux
27	SA Guests	ZF Dawood	01/05-03/05	2	Twin Lux
28	SA Guests	Rafique Bagus	30/04-03/05	3	Twin Lux
29	SA Guests	Imtiaz Patel	30/04-03/05	3	Family Lux
31	SA Guests	Karl B Socikwa	01/05-03/05	2	Family Lux
	SA Guests	Karl B Socikwa	01/05-03/05	2	Family Lux
32	SA Guests	Romeo Kumalo	02/05-03/05	1	Corner Lux
33	SA Guests	Happy Ntshingila	01/05-03/05	2	Corner Lux
34	SA Guests	Chichi Maponya	01/05-03/05	2	Twin Lux
37	SA Guests	Jeff Molobela	02/05-03/05	1	Twin Lux
38	SA Guests	Ben Ngubane	30/04-03/05	3	Twin Lux
39	SA Guests	Hlaudi Motsoeneng	01/05-03/05	2	Twin Lux
41	SA Guests	Jimi Matthews	30/04-03/05	3	Twin Lux
42	SA Guests	Jimmy Manyi	02/05-03/05	1	Twin Lux
43	SA Guests	Yusha Duarte	02/05-03/05	1	Twin Lux
44	SA Guests	Supra Mahumapelo	30/04-03/05	3	Twin Lux
45	SA Guests	Sdumo Dlamini	01/05-03/05	2	Twin Lux
47	SA Guests	Mikki S M Xayiya	30/04-03/05	3	Twin Lux
48	SA Guests	M Moosa	02/05-03/05	1	Twin Lux
49	SA Guests	Bala Naidoo	01/05-03/05	2	Twin Lux
51	SA Guests	Mark Pamenski	02/05-03/05	1	Twin Lux
52	SA Guests	Jacques Wessels	30/04-03/05	3	Family Lux
53	SA Guests	Bavhana Sooku	30/04-03/05	3	Twin Lux
54	SA Guests	Carel Smit	30/04-03/05	3	Twin Lux
55	SA Guests	Moses Kgosana	01/05-03/05	2	Twin Lux
56	SA Guests	Gert Van Der Merwe		0	

57	SA Guests	Eric Wood	02/05-03/05	1	Twin Lux
59	SA Guests	Murari L Sharma	30/04-03/05	3	Twin Lux
60	SA Guests	Rakesh Wahi	30/04-03/05	3	Family Lux
61	SA Guests	Khulubuse Zuma	30/04-03/05	3	Superior Lux
64	SA Guests	Vathasallum Reddy	02/05-03/05	1	Twin Lux
65	SA Guests	Terrence D Moolman	30/04-03/05	3	Twin Lux
66	SA Guests	Paul M Jenkins	30/04-03/05	3	Twin Lux
67	SA Guests	Esmare Weideman	01/05-03/05	2	Family Lux
68	SA Guests	Kevin W Thysse	01/05-03/05	2	Family Lux
69	SA Guests	R Davies	30/04-03/05	3	Twin Lux
72	SA Guests	S Shabangu	02/05-03/05	1	Superior Lux
73	SA Guests	El Ebrahim	30/04-03/05	3	Family Lux
74	SA Guests	NM Nene	30/04-03/05	3	Twin Lux
75	SA Guests	Dr N Patel	30/04-03/05	3	Twin Lux
77	SA Guests	BH Holomisa	01/05-03/05	2	Family Lux
78	SA Guests	Heather Soo Young	01/05-02/05	1	Family Lux
79	SA Guests	Shamely	02/05-03/05	1	Twin Lux
86	SA Guests	Mr Ashok	30/04-03/05	3	Family Lux
87	SA Guests	Muzingaye Mxolisi Mc Arthur Dladla	01/05-03/05	2	Twin Lux
88	SA Guests	Chandrama Prasad	30/04-03/05	3	Twin Lux
89	SA Guests	Rustenburg Mayor	01/05-03/05	2	Twin Lux
90	SA Guests	Raj Pillayu (Pyro techincian)	30/04-03/05	3	Twin Lux
91	SA Guests	Mr & Mrs Ali	30/04-03/05	3	Twin Lux
92	SA Guests	Mr Josiah & Mr Shabalala	01/05-03/05	2	Twin Lux
93	SA Guests	Nazeer Camarodeen	01/05-03/05	2	Twin Lux
94	SA Guests	Winston Innes (dudu Guest)	30/04-03/05	3	Family Lux
96	SA Guests	Sekgobelo E Magashule	30/04-03/05	3	Superior Lux
98	SA Guests	Nazeem Howa	01/05-03/05	2	Family Lux
100	SA Guests	R Michael Jones - Maseve	30/04-03/05	3	Twin Lux
101	SA Guests	Frank Hallem - Maseve.	30/04-03/05	3	Family Lux
102	SA Guests	Pran Maharajan - Maseve	01/05-03/05	2	Family Lux
103	SA Guests	Johan Swanepoel - HERNIC	30/04-03/05	3	Twin Lux
104	SA Guests	Lemogang Pitsoe - HERNIC	01/05-03/05	2	Family Lux
105	SA Guests	Francois Naude - Anglo Naude	01/05-03/05	2	Family Lux
107	SA Guests	Gary Naidoo	02/05-03/05	1	Twin Lux
108	SA Guests	Moegsin Williams	01/05-03/05	2	Family Lux
110	SA Guests	Wimpie van wyk	02/05-03/05	1	Family Lux
112	India Guests	Shakeel Ahmed Khan/Sumbul Ara	30/04-03/05	3	Twin Lux
113	India Guests	Suresh Kumar/Sanjay Singal	30/04-03/05	3	Twin Lux
115	India Guests	Adesh Kumar Tyagi/Mahima Tyagi	30/04-03/05	3	Twin Lux
117	India Guests	Ritu Tyagi/Vinayak Tyagi	30/04-03/05	3	Twin Lux
119	India Guests	Sudhanshu Trivedi/Shalini Trivedi	30/04-02/05	2	Garden Suite
123	India Guests	Subhash Chander Kalia	30/04-03/05	3	Twin Lux
124	India Guests	Ashok Kumar/Amit Kumar	30/04-03/05	3	Twin Lux
126	India Guests	Sandeep Singh Chauhan	30/04-03/05	3	Twin Lux
127	India Guests	Ajay Goel	30/04-03/05	3	Twin Lux
128	India Guests	Basik Singh Rana	30/04-03/05	3	Family Lux
129	India Guests	Raj Kumar Singh	30/04-03/05	3	Twin Lux
132	India Guests	Ramveer Singh	30/04-03/05	3	Twin Lux
133	India Guests	Ravindra Dhariwal/Rashmi Dhariwal	01/05-03/05	2	Twin Lux

138	India Guests	Huda Munaf Radiowala/Sana Huda	29/04-03/05	4	Family Lux
142	India Guests	Kamran Gani/Salma	29/04-03/05	4	Family Lux
143	India Guests	Sally Mudly Padayachie	30/04-03/05	3	Twin Lux
145	India Guests	Mansoor Badar/Saleem Khan	30/04-03/05	3	Twin Lux
148	India Guests	Abhishek Rajgarhia/Satish Kumar	30/04-03/05	3	Twin Lux
154	SA Guests	Jared Mortimer + one	30/04-03/05	3	Family Lux
155	SA Guests	Pierre Van Zyl+ one	30/04-03/05	3	Family Lux
156	SA Guests	Ridwaan Banderk + one	30/04-03/05	3	Family Lux
157	SA Guests	Martin Madlala + one	30/04-03/05	3	Family Lux
158	SA Guests	Lloyd Hill (Dudu Guest) + one	30/04-03/05	3	Family Lux
159	Wiz	Prapti & Maruschka	30/04-03/05	3	Twin Lux
160	SA Guests	Richard Mazaham + One	30/04-03/05	3	Family Lux
162	SA Guests	Dudu Zane Zuma	30/04-03/05	3	Superior Lux
163	SA Guests	JZ Wife 1	30/04-03/05	3	Suite
164	SA Guests	JZ Wife 2	30/04-03/05	3	Suite
165	SA Guests	JZ Wife 3	30/04-03/05	3	Suite
167	SA Guests	G Oliphant	02/05-03/05	1	Corner Lux
168	SA Guests	Juan Sell	01/05-03/05	2	Twin Lux
169	SA Guests	Rajnish Taneja	28/04-03/05	5	Twin Lux
170	SA Guests	Marut Sikka	28/04-03/05	5	Corner Lux
171	Vendor	Shikha	28/04-03/05	5	Twin Lux
172	Vendor	Shikha	28/04-03/05	5	Twin Lux
173	SA Guests	ZF Dawood	01/05-03/05	2	Twin Lux
174	SA Guests	Willie Byleveldt - Eastplats	02/05-03/05	1	Family Lux
178	SA Guests	Aziz Pahad	30/04-03/05	3	Twin Lux
179	India Guests	Neelima Jain	29/04-03/05	4	Corner Lux
180	India Guests	Sudanshu Mittal	30/04-03/05	3	Twin Lux
185	India Guests	Rohtash Goel & Sushma Goel	30/04-01/05	1	Corner Lux
186	India Guests	Amit Vaish	01/05-03/05	2	Twin Lux
187	India Guests	Udit Mittal & Sandeep Dhैया	01/05-03/05	2	Twin Lux
188	India Guests	Irfan Allana	01/05-03/05	2	Corner Lux
189	India Guests	Deep Malhotra	30/04-03/05	3	Superior Lux
New	India Guests	Satyanaryan Aggarwal	30/04-03/05	3	Family Lux
New	India Guests	Amar Swaroop	01/05-03/05	2	Family Lux
New	India Guests	P.N Doot	01/05-03/05	2	Suite
New	SA Guests	JP Arora	02/05-03/05	1	Twin Lux
New	SA Guests	Clint Buckham	30/04-03/05	3	Twin Lux
New	India Guests	Jagaesh Rakshan	01/05-03/05	2	Suite
New	India Guests	Rajesh Nathani	01/05-03/05	2	Twin Lux
New	SA Guests	Security Shooter	01/05-03/05	2	Twin Lux
New	SA Guests	Security Shooter	01/05-03/05	2	Twin Lux
New	SA Guests	Dr D Van Der Merwe	01/05-03/05	2	Twin Lux
New	India Guests	Rahul Jain	01/05-03/05	2	Twin Lux
New	India Guests	Ravi Lalpuria	30/04-03/05	3	Twin Lux
New	SA Guests	Prince Buthelize	01/05-03/05	2	Suite
New	India Guests	Laxmi Devi	30/04-03/05	3	Twin Lux
New	SA Guests	Own Use	02/05-03/05	1	PS Suite
New	SA Guests	Lucille Jacobs	02/05-03/05	1	Twin Lux

Annexure "PHB 56"

OAKBAY INVESTMENTS (PTY) LTD.

OAKBAY INVESTMENTS PTY LTD

Shareholder's profile

Promoters: Oakbay Investments (Pty) Ltd (Company) is the private investment vehicle of the Gupta family (promoters of Sahara Computers and associate companies) through which they hold a diverse range of interest. The Shareholding of the Company is as follows:

- ✦ **Islandsite Investments 180 (Pty) Limited (Islandsite): 40%**
- ✦ **Atul Kumar Gupta: 30%**
- ✦ **Chetali Gupta: 30%**

Islandsite is the Company through which the family has investments in real estate, hospitality etc. the Company holds many prime properties some of which are located in Johannesburg, Durban, Cape Town, Welgevonden and Rustenburg with an approximate value of more than R200 million. The Company has also purchased an aircraft for the value of R130 million.

Atul K. Gupta: Atul Gupta is a Computer Engineer. He is CMD of Sahara Holdings. He is also on the board of various companies like Afripalm Resources, Comair, Thelo Group etc. He is a young and dynamic person with a long experience in various fields of business. He is also the chairperson of India Business Forum.

Chetali Gupta: She is the wife of Atul. She holds a Bachelor of Arts and B.Ed Degree and is also on the board of Sahara Holdings, Sahara Computers, Annex, Sahara Distribution etc.





Oakbay Investments

Company Profile

Oakbay being an investment company has interest in mining and other related activities through following companies:

Investments in Mining:



- **Westdawn Investments (Pty) Limited T/A JIC Mining Services:** (54% Shares) it is one of the largest contract mining company in South Africa with more than R1.1 billion turnover and a work force of almost 9,000 employees. It is doing contract mining for companies such as Bafokeng Rasimone Platinum Mines, Impala Platinum, Anglo Platinum, Heric Ferrochrome, Platinum Group Metals, International Ferro Metals, Xstrata etc. At one of its newest projects, the Platinum Group Metals, Maseve Mine a Mining bench mark has been raised by a bar with an advance of 230 metres. This has set a record in the mining industry.



- **Tegeta Exploration and Resources (Pty) Ltd:**
 - ✦ **Ownership:** 40% Shares directly and 28% Shares through associate.
 - ✦ **Activity:** It is engaged in exploration and mining of coal. The Company has 11 prospecting rights in Witbank area with estimated Bituminous coal reserves of over 100 mil tonnes. The exploration work has been completed on most of the projects and the process of obtaining mining rights is at various stages.
 - ✦ **Major Projects:**
 - i. **Brakfontein (Portion 17 & 27):**
Location: Dalmas
Coal Resources: 7.60 Mn tons Bituminous coal;
Status: Operational Mine;
Production: 1,000,000 tons per annum;
Surplus Generation: R100 Mn per annum.
 - ii. **Brakfontein (Portion 16, 22, 24 & 25):**
Location: Dalmas
Coal Resources: 25 Mn tons Bituminous coal;
Status: Mining right execution in a months' time;
Expected Production Date: July 2013
Expected Production: 1,200,000 tons per annum;
Surplus Generation: R120 Mn per annum;
Comment: All preparations have been done. The work on 1st box cut will start immediately after execution of mining right;

iii. **Syferfontein & Welgezgend:**

Location: 10 km from Standerton

Coal Resources: 69 Mn tons Bituminous coal;

Status: Mining right execution in a 3 months' time;

Expected Production Date: August 2013

Expected Production: 1,000,000 tons per annum initially;

Surplus Generation: R100 Mn per annum;

Comment: All preparations have been done. The work for underground mining will start immediately after execution of mining right;



Tegeta Resources (Pty) Limited:

◆ **Ownership:** 25% Shares directly and 45% Shares through associate.

◆ **Activity:** It is a South African emerging Exploration and Mining Company engaged in the acquisition; exploration; development; mining and trading of various commodities including but not limited to coal, chrome, manganese and iron ore. The Company through its subsidiary Idwala Coal have 23 Mn tons of proven reserves of Bituminous coal covered under 2 projects.

◆ **Major Projects:**

i. **Vierfontein 61 IS:**

Location: Oigis near Witbank;

Coal Resources: 5 Mn tons Bituminous coal;

Status: Operational Mine;

Production: 800,000 tons per annum;

Surplus Generation: R75 Mn per annum

ii. **De Roodepoort (Portion 3):**

Location: Ermelo

Coal Resources: 18 Mn tons Bituminous coal;

Status: Mining right execution in a 5 months' time;

Expected Production Date: August 2013

Expected Production: 750,000 tons per annum initially;

Surplus Generation: R80 Mn per annum;

Comment: Most of the preparations have been done. Everything will be ready before the execution of mining right;

Other Joint Venture Projects:

Coal:

◆ **Kebrastyle (Pty) Ltd & Extriforce (Pty) Ltd:** Oakbay has acquired controlling interest in both these companies, having 20 (twenty) prospecting rights for Anthracite and Coking Coal

in the province of KZA. The exploration is in progress. The estimated coal resource is approx. 52 Mn tons. The initial results are very encouraging. The quality of Anthracite coal is very good.

- ◆ **Thembekile Mining (Pty) Ltd:** Oakbay has acquired controlling interest in the Company. The company has 5 prospecting rights for Anthracite coal, iron ore, lime stone etc. The exploration work is in progress. Expected coal resources are 30 Mn tons.

Other Commodities:

- ◆ **Leswene Mining (Pty) Ltd:** Oakbay has acquired controlling interest of the Company. The Company has 2 prospecting rights for Manganese, Iron ore, Copper and gold over an area of 44,000 hectares near Zeerust in North West province. The resource estimate of Manganese is 14.5 Mn tons and copper is 9 Mn tons.



- ◆ **Blackedge Exploration (Pty) Limited:** (55% Shares) Oakbay through its subsidiary company Blackedge Exploration (Pty) Limited has 9 drilling rigs which are capable of doing both diamond and percussion drilling. They are not only drilling for coal but also for platinum, gold and other base metals on behalf of other companies. This Company is currently cash positive and is doing very well.

OAKBAY

- ◆ **Oakbay Trust:** It is a trust created by Oakbay for acquiring the shareholding in Afripalm for which holds shares in Northam Platinum.

OAKBAY
RESOURCES AND ENERGY

- ◆ **Oakbay Resources and Energy**

Oakbay Investments is the major shareholder Oakbay Resources and Energy, the SPV for Shiva Uranium Ltd. Oakbay Resources and Energy is the 74 % shareholder in the operating Company Shiva Uranium. This is the largest Uranium operation in South Africa with Gold as its byproduct. It has state of the Art plant with full refining facility for Uranium (Upto Yellow Cake) and Gold (upto90% purity). The Gold revenue for the last Financial year was in excess of R220 million. Thus bringing Shiva in profitable and cash positive position. Shiva is now in the development phase for Uranium Mining and will be in production in the near future. Shiva employs more than 1500 people. ORE holds assets to the total value of R5 billion as per the latest Financials.

Aviation

Comair Limited

Comair: (5% Directly, which are valued at present market rate valued at R50 mil approx)) Oakbay itself and through its associate company holds 21% shares of Comair, a JSE listed Company, which makes it one of the 2 largest shareholders of Comair. Comair are the owners of both British Airways and Kulula in South Africa. It is the only Airlines Company in South Africa which is constantly making profits from its inception.

Media

THE NEWAGE
www.thenewage.co.za
One Country
One Paper

TNA MEDIA

TNA launched successfully on 6 December 2010 SA's first national daily Newspaper.

Doing a print order of more than 100 000 copies per day, with a staff Compliment of 310 persons.

It has since completed two financial years and with a revenue growth from R20 million to R100 million presently. TNA has proved to have reached profitability in their present financial year with a cash surplus. Their commitment to results is proven with their ongoing growth in revenue and profit.



Annexure "PHB 57"

Lemogang Pitsoe
49 Jellicoe Avenue
Melrose Estate
ROSEBANK

Born: 16 November 1971
ID No: 711116 5550 086
South African Citizen

PERSONAL DETAILS

Education **Master's in Business Leadership (MBL), University of South Africa (UNISA), 2009**
B-Tech Degree Mining Engineering, WITS University, 1995
Diploma in Investment Management, RAU (now UJ), 2000
Permanent Blasting Ticket Number: 4340
Mine Manager's Certificate Number: 5370

Short Courses **Permanent Blasting Ticket no 4340**
Mine Manager's certificate no 5370
Mentorship Course
Employee Health and Safety Course
Microsoft Office Packages
Presentation Skills with Voice Excellent
Blasting Instrumentation with AEL (African Explosives (Pty) Limited).

Languages **English, Afrikaans, seTswana**

Professional memberships **NSBE, SAIMM, ECSA, AAMSA,**

Interests **Cycling, Golf, Squash, Hiking trails with bikes**

CAREER SUMMARY

04/2011 to 02/2017 HERNIC FERROCHROME
General Manager: Mining



Responsibilities include:

- Managed all exploration programs and mining operations under contractors initially.
- Started a new unit for Greenfield projects, Bokone Shaft.
- Turn around an old unit into a profitable division.
- Dealt with Eskom regarding the contractual negotiations and obligations regarding Energy usage.
- Looking after (P/L), Income Statement and Capital Expenditure of the Mining division.
- Stakeholder Management, which included Government, Communities, Investors and Shareholders
- Successfully submitted a cost and beneficiation improvement (CBI) strategy for the company to the board with the help of McKinsey International. To benchmark the operational efficiencies of Hemic with its Peers.
- Developed a PGMs market for the company with the marketing department from scratch, by re-processing the tailings dam.

04/2007 – 03/2011 **COAL OF AFRICA LIMITED**
OPERATIONS MANAGER

Responsibilities included:

- Managed all exploration programs and mining operations in the Mpumalanga province, later expanded in Limpopo.
- Dealt with Eskom regarding the quality of coal, contractual negotiations and obligations.
- Appointed MD of Langcarel Coal Pty, which was Coal MP Division, looking after (P/L), Income Statement and Capital Expenditure.
- Did roadshows to the local and international investors.
- Stakeholder Management, which included Government, Communities, Investors and Shareholders

Handwritten signature and the number 8.

12/2004 TO 03/2007

AFGEM (PTY) LTD
CHIEF OPERATIONS OFFICER

Responsibilities included:

- Operating a mine with approximately 200 active employees in South African operations
- Looking after 3 shafts that AFGEM operated in Northern Cape, South Africa.
- Seconded to Merelani Mine in Tanzania as General Manager of the tanzanite producing operation.
- This was done on 6 months basis from Mine design, planning and operational.

12/2001 to 12/2004

ROYAL BAFOKENG RESOURCES HOLDINGS (RBR) (PTY) LTD
Business Manager BRPM mine

Responsibilities included:

- Formation of new division from inception to a department
- Involvement in mining negotiations with potential investors
- International and local road shows to promote RBR.
- Consulting for RBN on social matters relating to mining
- Looking at the shareholder interest in the JV to increase shareholder value and other stakeholders.
- Chairing the transformation forum and setting up its targets, mainly SMME procurement and training and development of HDSAs to meet the required levels by DME.
- Seconded to national DME as advisor to the then Hon. Minister Phumzile Mlambo-Ngcuka's legal team, on the MRPDA Act, June to August 2002.
- Involved in daily mining activities e.g. Planning 12 month, 5 year and 20 year and also metal accounting by representing RBR on the metal evaluation committee at the smelter.

 9

02/1999 TO 11/2001 **AFRICAN EXPLOSIVES**
Explosives Engineer

Responsibilities included:

- Management of new blasting projects from inception to completion for AngloGold for 18 months.
- Drilling and blast designs for clients during mine design planning.
- Blasting instrumentation and monitoring of blasts.
- Consulting for AEL and the business units
- Managing RoG (rock on ground) coal contracts for AEL, for BHP, Anglo Coal and Kumba operations.
- Key account manager for AEL Botswana, looking after Debswana operations and Tati Nickel.
- Marketing products to key clients and the end-users
- Managed copper drilling and blasting designs for Copper mines in Zambia whilst working for AEL.

03/1996 to 01/1999 **DE BEERS FINSCH MINE**
Graduate Mining Engineer

Responsibilities included:

- Had a set program for Graduate Mining Engineer.
- Mining through the ranks until a Mine Overseer reporting to Section Manager.
- To perform special reviews at the request of management

 10

Remuneration as stated by candidate: R2 500 000 per annum

Expected Remuneration: Negotiable Market Related

Next salary review: N/A

Notice period: 14 days


Complete references have not been taken to substantiate the information in this report, but this will be done at the appropriate stage.

This report contains personal information obtained on a confidential basis; therefore its use should be controlled and strictly limited to those executives concerned with the selection of the candidate.

 11

**REPUBLIC OF SOUTH AFRICA
NATIONAL IDENTITY CARD**

Surname: **PITSOE**
 Name: **LEBODIANG ALVIN**
 Race: **BL**
 Nationality: **RSA**
 Identity Number: **74 11 10000000**
 Date of Birth: **06 NOV 1971**
 Country of Birth: **RSA**
 Sex: **MALE**
 Citizenship: **CITIZEN**



ORGAN DONOR

Signature: *[Signature]*

ID

Conditions: **This card has been issued by the Department of Home Affairs in terms of the Identification Act, Act 68 of 1997**

Date of Issue: **18-08-2014**

RSA

00059703

**SOUTH AFRICAN POLICE SERVICE
CLIENT SERVICE CENTRE**

2017-03-05

**CSC
ROSBANK**

LEND AFRIKANESE POLISIENHUIS

RECEIVED

[Signature]

ALVIN LEBODIANG

06 NOV 1971

74 11 10000000

[Handwritten signature] 12



RAND AFRIKAANS UNIVERSITY

FACULTY OF ECONOMIC AND MANAGEMENT SCIENCES

DIPLOMA

Hereby is certified that

L Pitsoe

2017-03-10

has attended a *one-year* course, has passed the examinations and has met the requirements pertaining to the

DIPLOMA IN INVESTMENT MANAGEMENT

Handwritten: *Pitsoe*

Handwritten: *V.P. Joli*

MACSHORMER: *71491603*

FORCE NUMBER: *71491603*

NAME IN DRUCKERS: *V.P. Joli*

NAME IN PRINT: *V.P. Joli*

HANDTEKENING / SIGNATURE: *[Signature]*

RANG: *603*

RANK: *[Blank]*

DOKUMENT AANGEBRING ID NIE.

IS A TRUE REPRODUCTION (COPY) OF THE ORIGINAL DOCUMENT. IT IS NOT TO BE USED AS A SUBSTITUTE FOR THE ORIGINAL DOCUMENT. ANY ALTERATION OR CHANGE WILL BE NOTICED BY THE ORIGINAL DOCUMENT.

[Signature]

Dean

[Signature]

Registrar (Academic)



28 Merch 2001
Johannesburg
ID 7111165550088

[Handwritten marks]

CERTIFIED A TRUE COPY
OF THE ORIGINAL



Handwritten: Manual 02/05/0
Commissioner of Citrus
SHERIL ELIZABETH SANDLISH
KYNOCHE MODDERFONTEIN (PTY) LTD
Modderfontein Factory
Modderfontein 1645
HUMAN RESOURCES OFFICER
Area for which appointed
DISTRICT OF KEMPTON PARK
Reference 9/1/8/2 (A15)
10 September 1995

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

At a congregation of the University
held on 14 May 1996

Lemogang Alvin Pitsoe

was admitted to the Degree of

Bachelor of Science in Engineering

Branch of Mining Engineering

Jan Reynolds

Dean, Faculty of Engineering

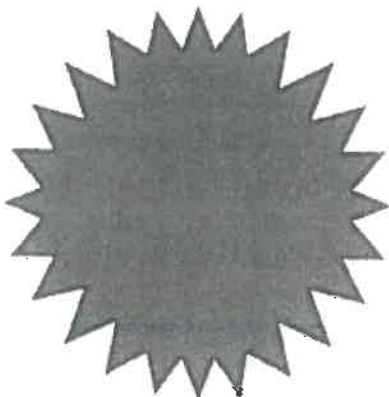
Arthur

Vice-Chancellor and Principal

[Signature]

Registrar (Academic)

[Handwritten signature]



Annexure "PHB 58(1)"

PHB 58 (1)

From: Mr. Lemogang Pitsoe <lemogangp@alexkor.co.za>
Date: Tue, 11 Aug 2020, 11:53
Subject: RE: ALEXKOR PSJV.
To: David Pells <ocsalvage@gmail.com>

David

I have cancelled SSI contract, and more to follow.

I am just doing it quietly and effectively so.

I am opening a Contractors Forum so that we can not personalised issues.

I did NOT like MC management style at all and want to do BETTER.

**Kind Regards // Re a Leboga // Enkosi// Hikhensile//Siyabonga//
Ri a Livhuwa**

Lemogang Pitsoe

Chief Executive Officer

T +27 11 253 9567

M +27 82 652 9137

E lemogangp@alexkor.co.za

W www.alexkor.co.za



Annexure "PHB 58(2)"

HECTOR NORTH**PHB 58 (2)**

TELEPHONE: +27 11 325-4846
 FACSIMILE: +27 11 325-4244
 P O BOX 411670, CRAIGHALL, 2024

INC.
ATTORNEYS

1ST FLOOR, DUNKELD PLACE
 12 NORTH ROAD
 DUNKELD WEST
 2196

Alexkor RMC JV**Attention: LEMOGANG PITSOE**email: lemogangp@alexkor.co.za**WITH PREJUDICE**

Our Reference H.P. North/LM/S867

Your Reference

Email hpn@hydeparklaw.co.za

Date 24 August 2020

Dear Sir

OUR CLIENT – SCARLET SKY INVESTMENTS 60 (PTY) LIMITED

1. Our without prejudice letter of 13 August 2020 and your letter of 19 August 2020 refer.
2. The offer contained in our without prejudice letter has not been accepted and is hereby withdrawn.
3. Our client, as it is entitled to, has elected not to accept the repudiation referred to in your letter of 3 August 2020.
4. As previously recorded there exists no basis in fact or in law or in terms of the agreement entered into with our client for the notice you purported to give in terms of paragraph 2 of your letter of 3 August 2020.
5. The agreement entered into by and between you and our client on 6 October 2016 ("the agreement") remains of full force and effect and our client requires compliance with the terms of the agreement.
6. Our client requires you to comply with the supply provisions contained in the agreement.

DIRECTORS: HECTOR NORTH MICHAEL NORTH
CANDIDATE ATTORNEYS: CAMERON PRENTER SIAN ERASMUS
 COMPANY REGISTRATION NO. 2016/307060/21
 VAT NO. 4840277554



HECTOR NORTH INC.

Page 2

7. We understand that you have advised the land mining, beach mining shallow mining and marine mining contractors that you have terminated the agreement with our client. Your conduct is unlawful and the agreement has not been lawfully terminated and remains binding.
8. Our client is providing the land mining, beach mining, shallow mining and marine mining contractors with a copy of this letter.
9. It has come to our client's attention that you intend to divert the supply recorded in paragraph 5 of the agreement to an alternative entity to market, value, beneficiate and sell diamonds.
10. In this regard please confirm by noon on 26 August 2020 that:
 - 10.1. you will comply with all of your obligations in terms of the agreement;
 - 10.2. that no other party other than our client will be appointed to discharge our client's rights and obligations in terms of the agreement.
11. In the event of your failing to provide the undertakings called for in paragraph 10 above, our client's rights to apply urgently *inter alia* for a compelling order and an interdict are strictly reserved.
12. We attach hereto a copy of an article published on fin24 on 20 August 2020. We invite your comments on the contents of the enclosed article.

13. We await your urgent reply

Yours faithfully,

HECTOR NORTH
HECTOR NORTH INC.





"Mosadi o tshwara thipa ka bohalleng." Our women are strong, able and willing to lead.

EMPOWERING WOMEN Building for tomorrow. Together.

#ShellSheEngages

19 Aug

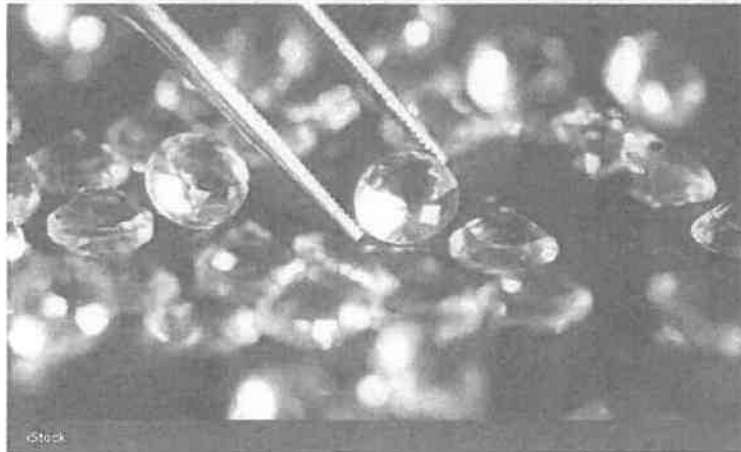
State diamond miner Alexkor on its last legs

fin24 Lameez Omerjee

SHARE [f](#) [Twitter](#) [Email](#)



SUBSCRIBERS CAN LISTEN TO THIS ARTICLE



- The Department of Public Enterprises says it has no money to save Alexkor.
- The state diamond mining company is set to run out of cash reserves by September.
- Apart from Transnet, all state-owned enterprises under Minister Pravin Gordhan's watch are loss-making.

State-run diamond miner Alexkor is set to run out of cash reserves by September 2020.

During briefing by the Department of Public Enterprises on Wednesday, members of the Parliament's oversight committee on public enterprises heard of the sinkhole that six of the country's state-owned enterprises, including Alexkor, find themselves in.

Their prospects of survival have been worsened by the Covid-19 pandemic, according to a presentation from the department.

ANC MP Sibusiso Gumede commented that it appeared SOEs were dying and will eventually "disappear".

Alexkor is in the worst position. It has no revenue-generating activities apart from income from a Pooling and Sharing Joint Venture (PSJV), which was established with Richtersveld Mining Company in 2011, but the venture's performance has been "erratic" due to poor management, corruption and low diamond prices, according to the department.

The PSJV's liquidity challenges have also negatively impacted Alexkor's financial position. The company is not a going concern.

READ | Struggling state diamond miner Alexkor may run out of money next month

"The DPE is not able to provide further funding to Alexkor. Without an ability to generate revenues, the SOC is unable to access financial markets, and neither can it request support from the fiscus," the department's presentation read.

MOST READ FOR SUBSCRIBER

- JP Landman | Ramaphosa has put the state on a new trajectory - check his scorecard
- Eskom to restart load shedding at 09:00
- Govt starts talks with potential buyers for SAA
- Stage 2 loadshedding back on Thursday
- Regulator recommends clients withdraw funds from Mirror Trading International



"Mosadi o tshwara thipa ka bohalleng."

Our women are strong, able, and willing to lead.

EMPOWERING WOMEN Building for tomorrow. Together.

#ShellSheEngages

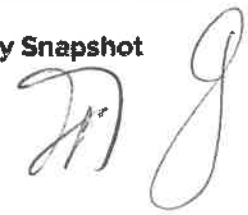
CURRENCIES COMMODITIES US\$/INDEX

ZAR/USD	17.22	▲ (+0.1)
ZAR/GBP	22.53	▲ (+0.4)
ZAR/EUR	20.43	▲ (+0.05)
ZAR/AUD	12.37	▲ (+0.25)
ZAR/JPY	0.16	▲ (+0.01)

As of 15:00 on 20 August 2020

Company Snapshot

Search



its head office is being wound down.

Director General Kgathatso Tlhakudi said there are discussions with the department of mineral resources and energy to find a long-term solution for Alxkor.

State arms manufacturer Denel, meanwhile, is also heavily indebted and battling with liquidity challenges. It recorded a loss of R1.7 billion for the 2019/20 financial year. Its CEO Danie du Toit resigned on August 15.

Denel's equity has also been below the R4 billion level required by investors, a result of low profits and losses over the years, the department said.

Despite a R1.8 billion equity injection from the state last year, its equity levels have decreased further. The R576 million allocated by government for the 2020/21 financial year has not yet been disbursed.

Eskom, which is facing mounting debt of R450 billion and is struggling to keep the lights on even during lockdown with subdued economic activity, is also struggling to cover costs. Tlhakudi said that dealing with Eskom debt is "still a work in progress".

The South African Forestry Company reported a loss of R47 million for the 2019/20 financial year because of declining revenue and high operating expenses. It needs reinvestment into its assets and operations, the department said. The department is also concerned that the company's performance has been "stagnant" for the past decade.

READ | No money yet for SAA, but Pravin Gordhan-led DPE implementing rescue plan

The department did not reveal any details on how SAA's business rescue plan might be financed.

Creditors approved the plan in July, but it requires R10.3 billion in new funding. The DPE and Treasury have committed to "mobilise" funding.

"Various options of raising funds to implement the business rescue plan are being considered. This includes reviewing unsolicited offers by various potential partners to providing funding for the airline," the department said.

Tlhakudi added that work to secure the required funding is ongoing and results would be announced in due course. He also mentioned that the department believed the plan was "implementable".

"Some of the best brains in aviation around the world were brought in to help us to develop this plan. The key issue is to ensure that there is appropriate funding to realise the objective set out," he said. He said the fact that a business rescue plan was approved was a "major step".

Low budget, regional airline SA Express suffered a worse fate, when creditors failed to approve its business rescue plan. It was placed in provisional liquidation in April.

"The provisional liquidators advertised expression of interest for the sale of the business, and should there be no interest from any potential investor, there is a likelihood that the airline may be liquidated on 30 September 2020," the department said.

State rail and freight entity Transnet is one of the few entities in the green, but Covid-19 is compromising its revenue generation. The group's revenue grew by 3% to R75 billion for the 2019/20 financial year, lower than the projected R78 billion, because of lower demand. Its net profit was projected to increase by R0.3 billion but disappointed with a decline of R3.9 billion.

"The turnaround of our SOEs is a long-term project," said Tlhakudi.

Related Links

No money yet for SAA, but Pravin Gordhan-led DPE implementing rescue plan

Gordhan says SAA money yet to be found

As Mbowen's leaked budget shows soaring debt levels, economists say SOEs must take a backseat



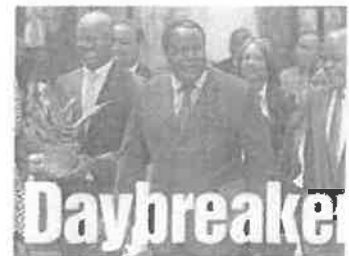
How this world-changing experience has become life-changing

PARTNER CONTENT

Newsletters

Daybreaker - Daily

fin **24**



A snapshot of the biggest breaking business stories, market indicators, access to portfolios, and more, by Fin24 deputy editor, Jan Cronjé.

[See all newsletters](#)

Become a CFA® charterholder.

CFA Institute

[Learn more](#)

Voting Booth

Do you think it was a good idea for the government to approach the IMF for a \$4.3 billion loan to fight Covid-19?

- Yes. We need the money.
- It depends on how the funds are used.
- No. We should have gotten the loan elsewhere.



Paid Content

