

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

HELD AT JOHANNESBURG

Re:

RAYGEN PHILLIPS	}	First Implicated Person
MERVYN CARSTENS	}	Second Implicated Person

Persons called upon to provide an explanation in terms of Rule 3.3

AFFIDAVIT – RAYGEN PHILLIPS

I, the undersigned,

RAYGEN EUDRECIA PHILLIPS

do hereby make oath and swear that:

1. I am an adult female with identity number 791111 0152 080. I am the former Company Secretary of the Alexkor, Richtersveld Mining Company Joint Venture colloquially referred to as the Pooling & Sharing Joint Venture (hereinafter referred to as the "PSJV").
2. I reside at 1843 Saltpan Road, Port Nolloth, Northern Cape. The facts herein contained are within my own personal knowledge and belief unless the context indicates otherwise and are both true and correct.
3. Where I make submissions of a legal nature I do so on the advice of my legal representatives, which advice I verify believe to be true and correct.

7188089-5 NCS
Doek M. Boek



4. I am deposing to this affidavit pursuant to a Notice in terms of Rule 3.3 inviting me to comment on certain aspects of the Supplementary Affidavit by a Mr Gavin Craythorne.
5. First and foremost I place on record that I have previously signed a Confirmatory Affidavit confirming the contents of Mr Mervyn Carstens' Affidavit.
6. I have also deposed to an Affidavit in opposition to the allegations levelled by Mr Torres of Gobodo Investigators.
7. Once again reiterate that I completely associate myself with the contents of these Affidavits especially the Affidavit signed by Mr Mervyn Carstens to which I have already signed a Confirmatory Affidavit.
8. The context raised in his previous Affidavits as well as the information supplied by me to the Commission's Investigators pursuant to requests by the Investigators for further information is to be read as part and parcel of the context of this Affidavit.
9. Before proceeding to deal with those sections where it is necessary for me to deal with, I place on record the following background information:
 - 9.1 Despite the altruistic claims by Mr Craythorne that he is acting in the best interests of the mining community, nothing can be further from the truth.
 - 9.2 He has been given a platform by a few of his fellow miners, however his goals and aspirations have always been very narrow.
 - 9.3 Craythorne and his cohorts in the EAC have as their stated aim to acquire the sea mining rights which is in the hands of the PSJV.
 - 9.4 With this as their stated aim they have sought to draw attention to a pie in the sky proposal for the consolidation of all sea mining rights under one umbrella body which would then be privately owned, the so-called "Questco" document.

7188089-5 Nest
Bach M. Beck



- 9.5 Craythorne's aim is very similar to the Questco proposal to consolidate all the sea mining operations under one umbrella private ownership structure, however he wishes instead to operate in an ownership structure where he would own his own sea mining rights without having to account to the Pooling and Sharing Joint Venture (PSJV) which operates the sea mining rights.
- 9.6 The history of the Richtersveld Community and the mining rights associated with it has been well documented.
- 9.7 As part of the land claim process the local Richtersveld community finally was able to get approval to own the land and this was made an Order of Court.
- 9.8 In terms of the Court Order and the unanimous resolution which followed it, all the mining operations, sea and land, was pooled into a new entity called the PSJV or the Pooling and Sharing Joint Venture.
- 9.9 It is the operator of all the rights and Craythorne's daughter is a service provider/contractor to the PSJV.
- 9.10 As part of the PSJV's unanimous resolution as well as the Court Order the diamonds are then owned by the PSJV and the income from the sales of the diamonds is split between the PSJV and the mining contractor such as Mr Craythorne's daughter.
- 9.11 Mr Craythorne's goal and aim is to cut the PSJV out of the equation completely and retain the income from the sale of the diamonds for himself with a small percentage being given back to the Richtersveld community. The percentage he proposes to return is much less than what the PSJV is currently earning.
- 9.12 Currently the PSJV receives a much higher percentage from the sale of the diamonds than is being proposed by Mr Craythorne.
- 9.13 This lies at the heart of his entire campaign over several decades.

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Beck M. Beck

- 9.14 All that he does is motivated by that singular aim which makes him, not a brave whistle blower but rather a self-serving employee of his daughter's mining company out to enrich himself and other mining contractors to the exclusion of the owners of the mining rights, the Richtersveld community.
- 9.15 What I do agree with Mr Craythorne is that there has been a severe decline in the number of sea days available to mine the alluvial diamonds.
- 9.16 There is also a severe decline in diamond grades due to the surf zone resource depletion.
- 9.17 The bigger diamond deposits now lie further away from the shoreline and are under deeper water.
- 9.18 As such the capital outlay that is required is greater.
- 9.19 In recognition of this fact there is accordingly different income splits depending on where the operator mines.
- 9.20 Mr Craythorne has, from the outset of his campaign, sought to undermine the management of the PSJV in whatever fora he was able to do so.
- 9.21 Despite being told on several occasions that it is impossible for Alexkor to dispose of its rights (such as it has) other than through the Court Order and the unanimous resolution, Mr Craythorne, in my view, believes that were he to actually manage to destroy the integrity of the PSJV that somehow he would gain a foothold in his quest to obtain the sea mining rights for himself and his EAC colleagues.
- 9.22 He has been told on several occasions pointedly that it is simply not possible.
- 9.23 When regard is had to the various correspondence that he has written he even includes a proposal that he made for the ownership by himself and his colleagues in the EAC to effectively side line the PSJV.

71880895 Nestl
Boek-M. Boeke

- 9.24 This proposal is annexed to the email of 22nd November 2016 to Miss Zukiswa Ntlangula.
10. With regard to paragraph 15 the basis of the submission by Mr Craythorne is that the CEO of the PSJV at that time, Mr Mervyn Carstens, had been with Transhex as a Director previously.
 11. That does not however mean that the PSJV has now been "captured". During my time at the PSJV there has been no attempts by Transhex to partner or consolidate with the PSJV. Never has there been any discussion at board or management meetings of attempts by Transhex to "capture" the PSJV or to consolidate mining rights along the West Coast.
 12. Mr Carstens' record speaks for itself and he has managed to increase the production and the value of the sales of the PSJV during his tenure.
 13. There were however occasions where the sea days available to mine drastically and severely declined making it impossible for production targets and sales targets to be met.
 14. There is simply no truth to Mr Craythorne's misgivings about Mr Carstens who has always but given his very best to secure the success of the PSJV.
 15. Mr Carstens has signed a Confirmatory Affidavit in this regard.
 16. With regard to paragraph 18, the meeting on 12 December 2016 was once again to discuss Mr Craythorne's concerns about the "pie in the sky" Questco document and all manner of conspiracy theories by Mr Craythorne.
 17. It was pointed out to him in no uncertain terms that there was no possibility that the Questco document could ever come to fruition or that Alexkor could ever dispose of its mining rights in any way, shape or form other than through the Court Order and the unanimous resolution.

7188089-5 Nick
L. M. Bole

24. As has been set out in the letter and in previous Affidavits and in the Court Order and in the many, many meetings held with Mr Craythorne, it is impossible. That which he fears cannot come about because of the Court Order and unanimous resolution.
25. It is against this backdrop that Mr Craythorne and his three other EAC members had their mining contracts not renewed.
26. I point out that this is also provided for in clause 25.2 of the Agreement between the PSJV and all the contractors including Mr Craythorne's daughter's Agreement.
27. When he did not heed the warning, unsurprisingly the PSJV sought advice from the attorneys at the time, Webber Wentzel, who then proceeded to provide the advice that it was permissible to cancel the contracts in terms of clause 25.2.
28. Subsequently, a letter was sent to Mr Craythorne's employer reminding them of their obligations in terms of Clause 8.7 and the rights of the PSJV in terms of Clause 25.2 of the Shallow Water Marine Mining Agreement. I annex hereto marked RAY16 the letter sent to Ocean Diggers during October 2017 cautioning them about the behaviour of Mr Craythorne and the effect it might have on their Agreement.
29. On 07 November 2017 the PSJV proceeded to suspend Craythorne. I annex hereto marked RAY17 a second letter addressed to Ocean Diggers.
30. It was only after his suspension on 07 November 2017 that Craythorne started with his narrative that the PSJV was "captured by a Gupta linked company". Before his suspension Transhex according to him tried to "capture" the PSJV. Before Transhex De Beers were the culprits.
31. There is nothing untoward in any of the conduct of the PSJV.
32. Craythorne has been in the mining industry for several decades and has at numerous times accused different managements and boards of price fixing and corruption.

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Boel & Boel

33. He has enriched himself from the sea and refuses to accept that he has enriched himself at the expense of the Richtersveld community. The gains that Alexkor has managed to obtain was obtained during the period of apartheid where the owners of the land, the Richtersveld community had the land removed from their ownership, were then racially excluded from participating in the lucrative alluvial mining operations at the time and then Mr Craythorne has the temerity to come with a proposal to exclude the Richtersveld community from receiving any sort of income from the land that they should rightfully own outright.
34. It was painstakingly explained to Mr Craythorne on numerous occasions (when I say numerous occasions I do mean several dozen occasions) that the Richtersveld community cannot be excluded from any plan and that any of his proposals to somehow enter into a direct joint venture with Alexkor to the exclusion of the PSJV would be in violation of the Deed of Settlement which was made a Court Order and the unanimous resolution.
35. Mr Craythorne was however undeterred and continued to lobby Board members, Members of Parliament and whomsoever else who would listen to his conspiracy theories, none of which has any basis in any facts.
36. Despite this the relationship with Mr Craythorne's daughter's company (he put it in her name as well as in the name of an employee who was employed in his household and one other lady) to remain cordial. Operationally there were no issues.
37. In this regard and to demonstrate that there were no issues at an operational level between 2016 and 2017 I annex hereto marked
- 37.1 "RAY2(a) and (b)"
37.2 "RAY3"
37.3 "RAY4(a) and (b)"
37.4 "RAY5"
37.5 "RAY6(a), (b) and (c)"
37.6 "RAY 7"
37.7 "RAY 8"

7188089-5 Nest
Bodeh + M. Bodeh

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- 37.8 "RAY 9(a) and (b)"
- 37.9 "RAY 10(a) and (b)"
- 37.10 "RAY 11(a) and (b)"
- 37.11 "RAY 12"
- 37.12 "RAY 13(a), (b) and (c)"
- 37.13 "RAY 14"

where Mr Craythorne and via his daughter's company, Ocean Diggers, which he is employed at, requested assistance from the PSJV.

- 38. Where possible this assistance was always granted as it permitted mining contractors such as Ms Craythorne to operate and ultimately was in the best interests of the PSJV.
- 39. Why Mr Craythorne would continue to bandy about conspiracy theories is unclear to me however it is clear that his position was to serve his own interests. He has done so for many years and will continue to do so.
- 40. With regard to his paragraph 20, as a result of the conspiracies raised by Mr Craythorne, the PSJV commissioned an independent report by Dr John Bristow to investigate the claims made by Mr Craythorne. I annex hereto marked "RAY 15" a copy of this report.
- 41. I am aware that Mr Carstens had previously annexed to one of his Affidavits a copy of the report by Mr James Allen. I would certainly urge this Honourable Commission to have regard to these two independent reports.
- 42. The report by Doctor Bristow is especially enlightening as it concludes that there has been anything untoward in the sale of the diamonds.
- 43. Great emphasis has been placed by Mr Craythorne on certain world diamond index prices.
- 44. This however does not determine the price of diamonds.
- 45. Diamonds are sold on a willing buyer, willing seller basis.

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Boede L.M. Boede

46. Whereas large companies such as De Beers and the like are able to withdraw their diamonds from the auction if the diamonds do not achieve the requisite sale value, the PSJV is in no such position.
47. De Beers and the like are price setters.
48. The PSJV is a price taker and accordingly while some diamond sales will track the index, this is not always possible and is accordingly not always the case.
49. This however does not represent a crisis and in this regard I refer to the contents of the report by Dr John Bristow. Dr Bristow liaised with the author of the index Paul Ziminski who confirmed his opinion.
50. Craythorne's version is yet another example of a conspiracy theory.
51. Whilst I have no comment on who Mr Craythorne wrote to in Parliament, what I can say is that the contents of what he was writing was self-serving and not based on fact.
52. A final point I need to make is that whatever was happening at Alexkor, cannot simply be imputed to the PSJV.
53. The PSJV operated in terms of the Court Order and the unanimous resolution.
54. Whilst I am personally not aware of any State capture of Alexkor, I can emphatically state that this was most certainly not the case at the PSJV.
55. The PSJV is furthermore not part of the State-owned entity list.
56. As such applying the PFMA to the PSJV is also not possible.
57. The PSJV followed a fair process for the appointment of its service providers, including Scarlet Sky Investments.

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Soduk M. Bode

58. The fact that there was a so called linked person as part of Scarlet Sky Investments was not something that the PSJV would have been possible to know.
59. When it became apparent, Scarlet Sky Investments did remove Mr Kuben Moodley from their ownership structure as well as their management structures.
60. The PSJV continued to make good money from the involvement of Scarlet Sky Investments due to their local beneficiation undertakings, the efficient manner in which the tenders were operated, the fact that between 180 and 200 quality buyers attended the auctions amongst a host of other improvements, saw the PSJV ultimately benefit from selling its diamonds via Scarlet Sky Investments.
61. Insofar as anything contained in Craythorne's Affidavit is contradicted by me in my Affidavit, this is intentional as I do not agree with the contents of Mr Craythorne's Affidavit insofar as it relates to me, my involvement in the PSJV and the mining operations.


 RAYGEN EUDRECTIA PHILIPS

I certify that the above signature is the true signature of the deponent and that she has acknowledged to me that she knows and understands the contents of this Affidavit, which Affidavit was signed and sworn to before me, in my presence at POA - Nourah on this 30 day of **APRIL 2021**, in accordance with the requirements of Government Notices No. R1258 dated 21 July 1972 and as amended by Government Notices No. R1648 dated 19 August 1977 and R1428 dated 11 July 1980.


 COMMISSIONER OF OATHS

"Ray 1"



To : All Contractors

From : Chairperson of the Alexkor Board

9 March 2017

As chairperson of the board of directors of Alexkor SOC Ltd ("Alexkor") acting on behalf of Alexkor, I address this notice to all contractors with the Pooling and Sharing Joint Venture ("the PSJV") between Alexkor SOC Ltd ("Alexkor") and the Richtersveld Mining Company (Pty) Ltd ("the RMC") to all employees of the PSJV and of the contractors, and to all other parties concerned.

It has come to the attention of Alexkor that certain rumours are being spread in Alexander Bay, Port Nolloth and surrounds which are without any factual basis and devoid of any truth. These untrue rumours are,

- a) that Alexkor intends to sell off its marine assets;
- b) that Alexkor is negotiating with two potential purchasers for the marine assets; and
- c) that the potential purchasers will take over all mining activities in the marine area, with the result that all the current marine mining contracts would be terminated.

On behalf of Alexkor, I state categorically that these rumours are false and without any factual basis.

We want to make it clear that the PSJV has been formed in terms of Settlement Agreements which is part of a Court Order. It is not possible, in terms of the agreement and Court Order, for Alexkor to sell off the marine mining assets for as long as the PSJV is in existence. It is also not possible for Alexkor to sell its marine mining assets to any third party.

We believe that the rumours are spread with malicious intentions and has the effect of prejudicing both Alexkor and the PSJV.

Reg. No. 1992/006362/30 Incorporated by Act No 116 of 1992.

Head Office: The Woodlands Office Park, Office Block 15, 2nd Floor, 20 Woodlands Drive, Woodmead, Johannesburg, 2191

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www.alexkor.co.za

Directors: HB Matseke (Chairperson) • V Benat (Acting Chief Executive Officer) • TTAC Mhlongo (Acting Chief Financial Officer)
JS Dama • TM Haashraek • M Lohobye • TJ Matona • Z Ntlangula Company Secretary: JR Matson

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Sodih M. Bode



We are aware of who the persons are responsible for spreading the untrue rumours, and want to remind them that in terms of clause 25.2 of the contract between the PSJV and all contractors, the PSJV is entitled to terminate the agreement of a contractor who acts in a manner that prejudice, or attempt to prejudice the reputation of the PSJV, Alexkor or the RMC.

We call on those responsible for spreading the untrue rumours to cease and desist from doing so. Those individuals, who are also contractors or major shareholders of contractors, may face consequences of their contracts being terminated if they continue to spread the untrue and malicious rumours.

Lastly, we want to assure all concerned parties that the PSJV will continue to operate as a joint venture between Alexkor and the RMC and there is no plan to sell any of the assets of the PSJV.

Yours sincerely,

Ms Hantsi Matseke

Chairperson – Alexkor Board

Reg. No. 1992/006360/30, incorporated by Act No 116 of 1992.

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Directors: HB Matseke (Chairperson) • V Bansi (Acting Chief Executive Officer) • TTAC Mhlanga (Acting Chief Financial Officer)
JS Daliana • TM Haasbroek • M Lehobye • TJ Matona • Z Ntlanqula **Company Secretary:** JR Matsoini

718808715NCSF

"RayZ" (a)

Raygen Phillips

From: El-Marie Craythorne <el-marie@oceanheritage.co.za>
Sent: 27 September 2016 04:17 PM
To: Raygen Phillips
Subject: Re-Ocean Diggers
Attachments: Letter to Alexkor.doc

Dear Raygen

Thank you for making time to speak to me this morning, I really appreciate the nice chat we had.

Attached you will find the request for the advanced that I have discussed with you this morning.

Hope you have a nice day!

Kind Regards

El-Marie Craythorne
Ocean Diggers
Diamond Mining Alexander Bay

027 831 2323
083 234 5759
el-marie@oceanheritage.co.za

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A. Soek...
A. Soek...
A. Soek...

D

"Ray 2 (b)"

Members:

Ragel Jules
Janetta Farmer
N. Craythorne



Registration no: 2005/150617/23
Vat no: 4560228647
Tel: 027-831 2323, Fax: 027-8312323
Mobile: 0832345759
Email: gavinc@kingsley.co.za
Email: el-marie@oceanheritage.co.za
7 Kilpspringer Street
P.O Box 330
Alexander Bay
2301

27 September 2016

Dear Raygen

We would like to know if Alexkor can kindly assist us with an advanced of R200 000 on the 6,42ct diamond that we recovered at Block 60 on the 15 September 2016.

Due to upgrading our vessel The Ocean Heritage this winter and a lack of sea days we really will appreciate it if you could assist us in this matter as soon as possible.

We will do our very best to catch up with all the sea days in the next couple of months.

Kind Regards
El-Marie Craythorne
Admin Manager

7188 0545 Nest
Boed M. Boed

A handwritten mark or signature, possibly initials, located in the bottom right corner of the page.

"Ray 3"

Raygen Phillips

From: Gavin J. Craythorne <gavinjohn@outlook.com>
Sent: 23 October 2016 09:35 AM
To: Jerry Matsetela
Cc: Raygen Phillips; 'El-Marie Craythorne'
Subject: FALSE ALLEGATIONS BY PATRICK MKHITHIKA.

Dear Jerry,

On Friday afternoon El-Marie came to the workshop and informed me that you had informed her that Patrick Mkhithika had made allegations against me of assault and non-payment of earnings due him. Apparently these allegations have been made to yourself, the HR Department and the Company Secretary. I was further informed that these allegations were made some time ago, soon after our last sea trip.

So I am perplexed to say the least as this is the first that I am being made aware of these allegations to Alexkor. On the Monday following the sea trip Patrick did not come to work and neither did he communicate with me on the reason why.

On the morning of the following day he did come to work and I asked him why he did not come to work the previous day and he informed me that he had taken the day off to go lay a charge of assault against me at the local police station based on an incident that took place aboard Ocean Heritage during the course of the last sea trip.

I then informed him that I viewed his characterization of the incident as a gross misrepresentation of the facts and that his course of action constitutes a deep betrayal of my trust. I informed him that he would be placed on suspension until the matter had been concluded. Regrettably I was not given the opportunity to give my side of the story when the allegations against me were made so please allow me the opportunity to do so now.

On day two of our three day trip I looked into the hold and saw Patrick standing next to a full tuff bag of gravel that had not been closed and in which the gravel was completely exposed. After observing him for a few minutes during which he made no attempt to close the tuff bag I walked to the stern of the vessel and asked the skipper, Ricky Coraizin, to come to the hold and bear witness to the situation.

My reason for doing so was that two sea trips prior to this I had encountered the same situation with Patrick on his own in the hold with multiple tuff bags full of gravel standing open with the gravel exposed. Over the number of years that Patrick has worked for me I have reprimanded him a few times for this practice so I him called him up on deck and promised him that if I caught him again I would report him to Alexkor's Security Department.

Bodeh
71880805 Nest
Bodeh v Bode

I then instructed Ricky to go into the hold and order Patrick to close the open tuff bag and while he did so I pointed my finger at Patrick to indicate that I would be taking action as promised. He then climbed up the hold ladder and started shouting at me that he was not stealing diamonds whereupon I clasped my hands around his head without disturbing his peak cap or the sunglasses that were perched upon the cap and told him that that was not the point and that he was putting the entire team at risk by refusing to abide by Alexkor's security protocols.

Patrick is a hard worker and has been a highly valued member of my crew for many years but unfortunately is prone to spells of aberrant behaviour that have resulted in conflicts with local law enforcement, Alexkor security, his family and other members of the local community.

The manner in which Patrick has gone behind my back to Alexkor with spurious allegations is patently a preemptive attack calculated to deflect the consequences of his open contempt for the integrity of Alexkor's product and the welfare of his team mates aboard Ocean Heritage. I therefor reject his false accusations with the contempt they deserve and trust that my good-standing with Alexkor remains undiminished.

As for his charge of assault at the local SAPS, I have two eye-witnesses who will testify under oath that I am innocent.

If you have any questions relating to the above Jerry, please feel free to contact me by return email or mobile on 083 630 1380.

Kindest regards,

Gavin.

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718808415 Alex
Bedeke M. Boeke



"Raygen"

Raygen Phillips

From: El-Marie Craythorne <el-marie@oceanheritage.co.za>
Sent: 14 December 2016 02:02 PM
To: Raygen Phillips
Subject: RE: Re-Request for advance

Dear Raygen and Mervyn

We would like to thank you sincerely for the advance that you paid us, much appreciated.

We also would like to wish you and your families a Merry Christmas and a prosperous new year.

Best Wishes 

Gavin & El-Marie Craythorne
Ocean Diggers
Diamond Mining Alexander Bay

027 831 2323
083 234 5759
el-marie@oceanheritage.co.za

From: Raygen Phillips [<mailto:raygenp@alexkor.co.za>]
Sent: Tuesday, December 6, 2016 5:50 PM
To: El-Marie Craythorne
Subject: Re: Re-Request for advance

Hallo El Marie

Friday at 09 is fine. I will inform Mariana accordingly.

Regards

Sent from my iPhone

On 06 Dec 2016, at 4:50 PM, El-Marie Craythorne <el-marie@oceanheritage.co.za> wrote:

Dear Raygen

Mariana did phone me regarding meeting with Mervyn on Thursday I told her that Gavin will be out at sea Wednesday and Thursday and will be back on Thursday night.
If it is in order can Gavin see Mervyn early on Friday morning.

Kind Regards

7580895 NCSJ
Bode L.M. Bode



"Ray 4 (b)"

El-Marie Craythorne
Ocean Diggers
Diamond Mining Alexander Bay

027 831 2323
083 234 5759
el-marie@oceanheritage.co.za

From: Raygen Phillips [<mailto:raygenp@alexkor.co.za>]
Sent: Tuesday, December 6, 2016 4:10 PM
To: El-Marie Craythorne
Subject: Re: Re-Request for advance

Dear Elmarie

Kindly request Gavin to come see Mervyn on Thursday at 09am.

Regards

Sent from my iPhone

On 06 Dec 2016, at 10:36 AM, El-Marie Craythorne <el-marie@oceanheritage.co.za> wrote:

Dear Raygen

I would once again ask you if we could please request R200 000 in advance paid to us as soon as possible. We currently sitting on 40-carats and will also be working over the fest of season.

We will really appreciate it if you could please assist us again, and pray that 2017 will be a prosperous year for everyone on land and sea!

Best Regards

El-Marie Craythorne
Ocean Diggers
Diamond Mining Alexander Bay

027 831 2323
083 234 5759
el-marie@oceanheritage.co.za

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71880845 NCS
Bode L.M. Bode

" Rays "

Members:

Ragel Jules
Janetta Farmer
N. Craythorne



Registration no: 2006/150617/23
Vat no: 4560228647
Tel: 027-831 2323
Mobile: 0832345759
Email: gavinjohn@outlook.com
Email: el-marie.craythorne@outlook.com
7 Klipspringer Street
P.O Box 330
Alexander Bay
7200

1 March 2017

Dear Raygen

As we all approaching the end of the financial year, I would like to know if you could please assist us with paying our outstanding account with Sars. The amount of R180 000. is outstanding, we would appreciate it if you could please assist us regarding this urgent matter.

Our boat is currently out working at Agate Bay and hopefully get some good gravel that we can pay you back as soon as possible.

Best Regards
El-Marie Craythorne

7155 0595 NCSJ
Bock M. Bode

A large, stylized handwritten mark or signature, possibly a stylized letter 'O' or a similar symbol, located in the bottom right corner of the page.

"Ray 6 (a)"

Raygen Phillips

From: El-Marie Craythorne <el-marie.craythorne@outlook.com>
Sent: 07 March 2017 12:48 PM
To: Raygen Phillips
Cc: Merelize Samson
Subject: RE: Bewys van betaling

Beste Raygen

Baie dankie vir die betaling aan Jack's Dive Chest hulle het dit ontvang en ons se duisend dankies vir die groot hulp van julle kant, ons waardeer dit opreg. ☺

Kind Regards

El-Marie Craythorne
Ocean Diggers
Diamond Mining Alexander Bay

027 831 2323
083 234 5759
el-marie.craythorne@outlook.com

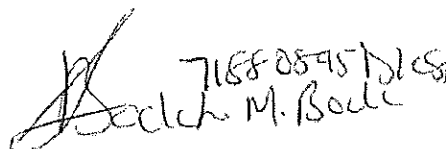
From: Merelize Samson [<mailto:merelizes@alexkor.co.za>]
Sent: Thursday, March 2, 2017 3:19 PM
To: el-marie.craythorne@outlook.com
Subject: Bewys van betaling

Beste El-marie

Hiermee aangeheg bewys van betaling vir Jack's Dive Chest.

Groete,

Merelize Samson
Title : PA to Senior Managers
M +27 72 795 1437 | W +27 27 831 8312 |
E merelizes@alexkor.co.za | www.alexkor.co.za |


7168057515168
Jacob M. Bode



"Ray 6 (c)"

Raygen Phillips

From: El-Marie Craythorne <el-marie.craythorne@outlook.com>
Sent: 01 March 2017 10:30 AM
To: Raygen Phillips
Cc: elmarie.craythorne@outlook.com
Subject: Re-Jack Dives Chest
Attachments: Jack's Dive Chest invoice Brenden Mouritzen.pdf

Geagte Raygen

Baie dankie vir die aanbod om ons te help met ons duiker Brenden Mouritzen se uitstaande bedrag by Jack's Dives Chest.

Ek stuur vir jou die invoice al hul besonderhede is daarop, die laaste bedrag wat uitstaande is is R20 000.00 die balans het ek reeds betaal.

Ek het ook met ons dogter Nicole gesels oor die "Cutting and Policing" kursus waaroor ons gesels het sy stel baie belang. Sy het gevra as jy weer in die Kaap is of dit sal moontlik wees om haar vir n koppie koffie te ontmoet sodat julle n bietjie kan gesels.

Raygen ek gaan ook van jou offer gebruik maak om vir julle te vra om ons weereens te help, ek het n bedrag van R180 000 wat uitstaande is by Sars wat ek baie graag so gou moontlik aan hulle wil terug betaal.

Gavin en sy span is vanoggend vroeg af Aгааibaai toe hulle gaan daar in die diep werk tot Saterdag ons het daar n area wat mooi dra so ons hoop en vertrou dit sal goed gaan.

Baie dankie weereens vir julle hulp en ondersteuning ons waardeer dit opreg.

Kind Regards

El-Marie Craythorne
Ocean Diggers
Diamond Mining Alexander Bay

027 831 2323
083 234 5759
el-marie.craythorne@outlook.com

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71880845 Nest
Boekhout Boek

"Ray7"

Members:

Ragel Jules
Janetta Farmer
N. Craythorne



Registration no: 2005/150617/23
Vat no: 4560228647
Tel: 027-831 2323
Mobile: 0832345759
Email: gavinjohn@outlook.com
Email: el-marie.craythorne@outlook.com
7 Klipspringer Street
P.O Box 330
Alexander Bay
8290

10 May 2017

Dear Raygen

Every two years we need to service our Scania engine on our vessel. Due to the long sea days, we recently had, and all the blowing to pump gravel we have run into an overheating problem with our intercooler systems on our engine. We need the Scania team to come up as soon as possible to service the engine, that we can be ready for the upcoming sea days on the weekend.

We would like to know if you can please assist us with an advance of R100 000, until the following diamond sale, we still have 31 tuff bags of gravel that we pump with the last sea days that needs to be sorted.

We need to pay Scania upfront for travel time, maintenance, parts oil as well as accommodation and meals in Port Nolloth. We would appreciate it if you can please assist us regarding this urgent matter, not to lose sea days, we are currently at a very good spot at Block 74.

Best Regards

El-Marie Craythorne

7188-0545 Nest
Sachin M. Bock

"RAY 8"

Raygen Phillips

From: El-Marie Craythorne <el-marie.craythorne@outlook.com>
Sent: 12 May 2017 08:39 AM
To: mervinc@alexkor.co.za
Cc: Raygen Phillips
Subject: Re-Invitation to Scotia Inn

Geagte Mervin en Raygen

Ons wil net baie dankie se vir die aangename geleentheid gisteraand ons het dit regtig baie geniet.
Daar was n wonderlike atmosfeer onder al die kontrakteurs en die kos was baie smaaklik, dit was ongetwyfeld n groot sukses.

Beste Groete
Gavin & El-Marie Craythorne
Ocean Diggers
Kantoor: 027 831 2323
Cell: 083 234 5759
el-marie.craythorne@outlook.com

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71880 845 Nies
Bodich Book

"Ray 9(a)"

Raygen Phillips

From: El-Marie Craythorne <el-marie.craythorne@outlook.com>
Sent: 25 May 2017 04:40 PM
To: Raygen Phillips
Subject: RE: Re-Alexkor skuld

Geagte Raygen

Bale dankie ek neem aan dat dit goed gestaan is ons is betaal, ons waardeer dit bale.

Beste Groete

El-Marie Craythorne
Kantoor: 027 831 2323
Cell: 083 234 5759
el-marie.craythorne@outlook.com

From: Raygen Phillips [<mailto:raygenp@alexkor.co.za>]
Sent: Thursday, May 25, 2017 10:02 AM
To: El-Marie Craythorne <el-marie.craythorne@outlook.com>
Subject: RE: Re-Alexkor skuld

More Elmarie

Ek sal met Mervyn bespreek en terugvoering gee.

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: El-Marie Craythorne [<mailto:el-marie.craythorne@outlook.com>]
Sent: 25 May 2017 10:02 AM
To: Raygen Phillips
Subject: Re-Alexkor skuld

Goeie more Raygen

Ek het so pas ons brokers note ontvang en sien die pryse was nie goed asook die rand dollar exchange. Soos dit nou lyk gaan ons amper nie betaal word die maand nie. Ek wil weet of dit moontlik is dat julle nie enige skuld van ons verhaal die maand nie, sodat ons ons duikers en crewmanne kan betaal en die besigheid aan die gang hou.

1

7 688 0845 Ned
Bodeh-M. Bode

"Ray 9 (b)"

Ons het 55karaat gister gesorteer en vertrou om te probeer om 100 karaat te maak voor die maand sluit. Ons het ook ons huls in die Kaap verkoop en wag vir oordrag wat in die volgende 2 weke sal plaas vind.

Gavin en sy crew werk aanmekaar so ons vertrou dinge moet begin draai vir ons!

Ons vertrou dat julle sal verstaan en ons sal ondersteun.

Aangeheg is die aanvraag op n briefhoof.

Beste Groete

El-Marie Craythorne
Ocean Diggers
Diamond Mining Alexander Bay
Vat number: 4560 2286 47

027 831 2323

083 234 5759

el-marie.craythorne@outlook.com

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71880545 15128
Beck - LHM Beck

"Ref 10 (a)"

Members:

Ragel Julies
Janetta Farmer
N. Craythorne



Registration no: 2005/150617/23
Vat no: 4560228647
Tel: 027-831 2323
Mobile: 0832345759
Email: gavinjohn@outlook.com
Email: el-marie@oceanheritage.co.za
7 Klipspringer Street
P.O Box 330
Alexander Bay
8290

25 May 2017

Dear Alexkor Management

This is a request to ask if you can please not deduct anything off our diamond payment this month, as it will make it impossible to pay our divers and crewman, as well as running our company.

We do have 55carats already and will hopefully try and achieve 100carats before month end.

We trust that we can rely on you regarding our predicament.

**Best Regards
El-Marie Craythorne**

*7188 0848 Nles
Bode L.M. Bode*

A large, stylized handwritten signature or set of initials, possibly "R", written in black ink.

"Ray 100b)"

raygen.phillips@gmail.com

From: Mervyn Carstens
Sent: 27 November 2017 14:45
To: Raygen Phillips
Subject: Fwd: CAPE TOWN MEETING RE: BUSINESS DEVELOPMENT.

Sent from my iPhone

Begin forwarded message:

From: Mervyn Carstens <mervync@alexkor.co.za>
Date: 27 November 2017 at 07:30:21 SAST
To: Mervyn Carstens <mervync@alexkor.co.za>
Subject: FW: CAPE TOWN MEETING RE: BUSINESS DEVELOPMENT.

From: Gavin J. Craythorne [mailto:gavinjohn@outlook.com]
Sent: 19 June 2017 07:50 AM
To: Mervyn Carstens <mervync@alexkor.co.za>
Cc: Merelize Samson <merelizes@alexkor.co.za>; Raygen Phillips <raygenp@alexkor.co.za>; 3robrob@gmail.com; mike@atlantico.co.za
Subject: CAPE TOWN MEETING RE: BUSINESS DEVELOPMENT.

Hi Mervyn,

After our meeting, recently I started a project to develop a tool for mechanically dealing with the rock overburden problem we are facing when trying to work in bad visibility. As I mentioned, the Mass Flow Mining method is not competent in thick deposits with dense concentrations of rocks and boulders when the visibility is too bad to allow for diver inspection or without remote sensing to monitor and assess progress of the excavation.

The remote sensing option is not viable in the short-term due to cost implications and technical complexity so I have done some research and opted for developing a mechanical tool for doing the job.

The tool is completed and I am currently building the LARS (launch and recovery system) which is essential as the tool weighs about 1.5 tonnes and the launch and recovery processes need to be properly controlled. Half of the weight of the tool is in the 20m of 46mm stud-link chain we will be using to drag the tool horizontally through the pile of excavated material.

I have also in the interim reported back to my partners in Mass Flow Mining, Rob Bennett and Mike Gomes, both of whom you are acquainted with, regarding our discussion and we are all very keen to explore the possibility of dramatically scaling the current operation by building a high-power Mass Flow Mining vessel with advanced remote sensing and control technology.

Due to the urgency of rolling out the new tool for the next seadays I would like to postpone the meeting in Cape Town to allow me time to finish the build and do sea trials in the harbour. I apologise for the inconvenience and would appreciate it if we could try again, say in about two weeks time?

71880895 NCSH
Bode LM Bode

Kind regards,

Gavin Craythorne.

Mobile: 083 630 1380

OCEAN DIGGERS

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718805915 N109
Booth M Booth



~~Raygen~~
"Ray 1(a)"

Raygen Phillips

From: El-Marie Craythorne <el-marie.craythorne@outlook.com>
Sent: 24 July 2017 04:11 PM
To: Raygen Phillips
Subject: RE: Re-Letter to management

Baie dankie ons vat al daal seeninge wat jy ons toewens! ☺

From: Raygen Phillips [mailto:raygenp@alexkor.co.za]
Sent: Monday, July 24, 2017 4:07 PM
To: El-Marie Craythorne <el-marie.craythorne@outlook.com>
Subject: RE: Re-Letter to management

Middag El-Marie

Altyd 'n plesier, die Vader se rykste seening op julle volgende trip uit see toe!!

Regards

Raygen Phillips
Company Secretary
Tel: 027 831 8352
Fax: 027 831 9110
E-mail: raygenp@alexkor.co.za
Website: www.alexkor.co.za

From: El-Marie Craythorne [mailto:el-marie.craythorne@outlook.com]
Sent: 24 July 2017 01:58 PM
To: Raygen Phillips
Subject: RE: Re-Letter to management

Liewe Raygen

Baie dankie vir die lening ons waardeer dit baie, sal ons bes doen om produksie te kry.

Beste Groete
El-Marie Craythorne
Kantoor: 027 831 2323
Cell: 083 234 5759
el-marie.craythorne@outlook.com

From: Raygen Phillips [mailto:raygenp@alexkor.co.za]
Sent: Friday, July 21, 2017 2:43 PM
To: El-Marie Craythorne <el-marie.craythorne@outlook.com>
Subject: RE: Re-Letter to management

Handwritten signature: "Bode L.M. Bode" with a large circular flourish to the right.

"Ray 11 (b)"

Goeie Middag Elmarie

Ek sal Maandag laat weet,

Groete

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: El-Marie Craythorne [<mailto:el-marie.craythorne@outlook.com>]

Sent: 20 July 2017 09:16 AM

To: Raygen Phillips

Subject: Re-Letter to management

Geagte Raygen

Hoop dit gaan goed met jou, sien asseblief aangehegte brief aan jou en Mervyn.

Beste Groete

El-Marie Craythorne

Ocean Diggers

Diamond Mining Alexander Bay

Vat number: 4560 2286 47

027 831 2323

083 234 5759

el-marie.craythorne@outlook.com

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71880595 NCS
Bodhi M. Bodhi

"Ray 12"

Members:
Ragel Jules
Janetta Farmer
N. Craythorne



Registration no: 2005/150617/23
Vat no: 4560228647
Tel: 027-831 2323
Mobile: 0832345759
Email: gavinjohn@outlook.com
Email: el-marie.craythorne@outlook.com.
7 Klipspringer Street
P.O Box 330
Alexander Bay
2201

20 July 2017

Dear Mervyn and Raygen

We would like to know if you could please assist us with R100 000 loan again, as our hole diamond production went into paying off our outstanding account with Alexkor last month. We are grateful that there was enough to cover that, but as you know we had to pay our divers and crewman as well as we need to pay the vat and paye amount over owing to Sars on the last brokers note.

Hopefully Monday Tuesday will be sea days that we can get some gravel. Gavin and his team has work very hard in the workshop the last few weeks designing a new system for the boat. They have design and built an underwater plough to deal with the big rock under water and are very excited to test this in the upcoming sea days an also the summer laying ahead of us.

We trust that you will understand and assist us again.

Warm Regards
El-Marie Craythorne

71880847 Nesi
Sodih M. Bode

Raygen Phillips

Ray (3rd)

From: El-Marie Craythorne <el-marie.craythorne@outlook.com>
Sent: 01 September 2017 08:38 AM
To: Raygen Phillips
Subject: Re-Financial assistants
Attachments: 2017_09_01_08_06_37.pdf

Geagte Raygen

Hoop dit gaan goed met jou!

Ons wil asseblief weer vra dat Alexkor ons help ons verstaan dat ons nog n uitstaande rek by Alexkor het maar sal ons bes probeer om so veel moontlik produksie vir die maand te kry as moontlik. Ons het ons ou blok by Block 60 gekry waar ons in Maart 2015 450carat uitgehaal het, laas week het ons daar begin werk en mooi stene uitgehaal.

Op die oomblik kan ons nie al ons werkers se salarisse dek nie en ook nie ons boot se versekering nie, dit maak dit baie moeilik om aan te gaan. Ons sal dit baie waardeer as julle ons kan help.

Aangeheg is die motiveerings vorm.

Best Regards

El-Marie Craythorne
Ocean Diggers
Diamond Mining Alexander Bay
Vat number: 4560 2286 47

027 831 2323
083 234 5759
el-marie.craythorne@outlook.com

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71550595 Alex
Bodh-M. Bodh

"Ray 13(b)"

Raygen Phillips

From: El-Marie Craythorne <el-marie.craythorne@outlook.com>
Sent: 01 September 2017 02:57 PM
To: Raygen Phillips
Subject: Re-Advance

Geagte Raygen

Baie dankie ons waardeer julle ondersteuning opreg.

Beste Groete

El-Marie Craythorne
Ocean Diggers
Diamond Mining Alexander Bay
Vat number: 4560 2286 47

027 831 2323
083 234 5759
el-marie.craythorne@outlook.com

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1
71880895 15/09
Boed M. Boede

"Ray 13 (c)"



ALEXKOR
SOC LIMITED
(Reg. No. 1992/006363/30)
Incorporated by Act No 116 of 1992

ALEXKOR RMC JV

Orange Road
Private Bag X5
ALEXANDER BAY
8290

Tel : +27 (027) 831 8300
Fax : +27 (027) 831 1910



(Reg. No. 2006/034807/07)

Request for Advance on Production

To	Alexkor RMC JV
From Contractor	Ocean Diggers
Date	1 September 2017

Debtors	(R245 810.27 +/-)
Carats on hand	13.78ct
Amount Requested	R100 000.

Motivation for Advance

We are aware of our outstanding account with Alexkor, but not be able to pay our wages as well as our boat insurance. Insurance makes it very difficult to run our operation. We have found our old block at Block 60 last week which is looking very promising. We have taken out 6 nice stores with two 2.99 excavators and will hopefully go back there this week to work. We will really appreciate the financial support from Alexkor and will do our utmost to get more production before month end.

.....
F Strauss
Financial Manager

.....
Date

.....
R Phillips
Company Secretary

.....
Date

Directors: H Matsela (Chairperson), M Cirstens (Chief Executive Officer), J Danana, A Maarnan, P Mokhalil, G Oliphant, R Paul
Company Secretary: RE Phillips

71880845 Mla
Sodet M. Boek

"Ray 14"

Raygen Phillips

From: El-Marie Craythorne <el-marie.craythorne@outlook.com>
Sent: 03 October 2017 02:10 PM
To: Raygen Phillips
Subject: Skuld van Ocean Diggers

Beste Raygen

Aangaande die uitstaande skuld van Ocean Diggers:

Soos jy alreeds weet, was die see-dae die afgelope maande baie min en ons het elke geleentheid om te werk, aan gegryp. Die karaat-geld wat nou binnekort inkom, het ons broodnodig (letterlik om kos op die tafe te sit) om ons duikers en werkers te betaal, asook lopende uitgawes. Is dit moontlik dat die skuld ontstaan na die volgende siklus? Ocean Diggers is vir die laaste 2dae op see en ons doen alles in vermoë om grys te pomp.


Ons vertrou julle sal verstaan en ons tegemoet kom.

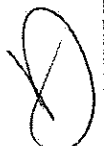
Beste Groete

El-Marie Craythorne
Ocean Diggers
Diamond Mining Alexander Bay
Vat number: 4560 2286 47

027 831 2323
083 234 5759
el-marie.craythorne@outlook.com

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1  71880825 NICKA
Rodrik M. Beek



Ray B

Alexkor – Craythorne: 17 November 2018

Comments on the Alexkor Diamond Mine resources and production, And Opinion on a Report by Gavin Craythorne

1. Introduction

This short report provides brief background on the Alexkor land and marine alluvial deposits and mining activities to provide context to a recent report submitted to the Department of Public Enterprises (DPE) Parliamentary Portfolio Committee by Mr Gavin Craythorne. In his report Craythorne makes allegations of incompetence, corruption, and "compelling evidence of tender rigging" by the Alexkor management and Scarlet Sky Investments who facilitate Alexkor's diamond sales by means of a Tender (auction) process.

We have reviewed and interrogated the information and accusations made by Craythorne, and are of the opinion that the approach and interpretations are flawed and lacking substance.

2. Background on Alexkor

The land based marine diamond deposits of Namaqualand were discovered near the mouth of the Orange River by Jack Carstens in 1926, and substantiated by Hans Merensky in 1927. State Alluvial Diggings (SAD) was proclaimed in 1928 (Precious Stones Proclamation No. 58), and provided employment for poor whites in the Great Depressions and beyond. In 1989 SAD was transformed into Alexander Bay Development Corporation, and in November 1992 Alexkor Limited was incorporated as a public company with the State as sole shareholder.

The Restructuring and Transformation Committee of the Ministry of Public Enterprises made an attempt to restructure and privatise Alexkor in 1997, to facilitate empowerment and greater participation of the Richtersveld communities. This process was unsuccessful and value destructive.

In 2007 Constitutional Court upheld the restitution claim by the Richtersveld Communities and a Deed of Settlement was instituted in October 2007. A Pooling and Sharing Joint Venture (PSJV) was formed between Alexkor (51%) holding the marine mining rights, and the Richtersveld Mining Community (49%) the land mining rights. Government contributed R200 million as a loan to assist exploration and mining activities.

At the time of the creation of the PSJV, the intention was to also complete a resource study which would assist the State (Alexkor) sell its stake to an entity with capital and skills to further develop the operation, and provide jobs and upliftment for the Richtersveld Communities. Completing an acceptable resource study or BFS on an old alluvial diamond operation was flawed in the first place and has not materialised.

Since the formation of the PSJV, Alexkor has had to deal with persistent challenges in respect of outsiders who have made efforts to subvert local individuals in the Richtersveld communities on the pretext of giving advice and support, including legal 'advisors' such as Craig Matthews and Duncan Korabie.

In spite of the issues faced by the Alexkor PSJV noted above and other challenges, for example the activities of Gavin Craythorne addressed in this report, the management team lead by Mr Mervyn

Global Diamond Network 1

71880845 Dist
Bodch.M Bodch

Carsten's has made solid progress in advancing the objectives of the PSJV and providing jobs, training, and other support to the local communities. However, this outside interference is likely to persist for the foreseeable future and together with increasing technical challenges of this old and depleted diamond resource in a changing market situation, should not be underestimated in terms of negatively impacting moral, production, and revenues.

The Alexkor mine and its mineral resources, (land and sea based) has been aggressively exploited over a period of 90 years. Should the current positive progress made by the present management team be undermined and result in loss of key personnel, it would likely be the last opportunity to create a sustainable mining and business model, revenue generation, jobs, and a potential exit strategy for Government.

2. Mining History and Remaining Resources

Alexkor comprises land based diamond deposits, and shallow (and some deeper) marine deposits, extending approximately 135 kms from the mouth of the Orange River south to Port Nolloth in northern Namaqualand. Extremely rich were initially located and mined during the early years in blocks extending approximately 20kms south of the Orange River.

In the initial few years of exploitation nearly 600 000 carats averaging about 1 ct/stone were produced via very basic mining methods, whereas average production for the 2015 – 2018 (4 years) was 81 000 per annum, including 106 361 carats of mid-water (Concession 1B) production by a large marine mining contractor. Overall Alexkor production comprised a mix of land and marine goods, averaging approximately 0.50 ct/stone.

Following 90 years of aggressive exploitation Alexkor's present day diamond resource comprise the following:

- Remnant land based beach deposits with deep sand cover which are characterized by very low grade pockets of land based resources in gravel pockets under deep overburden, with very small (0.30 ct/stone average size) (see Tables 1 and 2)
- Pockets of Surf-zone and Shallow water marine deposits which have been extensively mined and exploited by shore-based diver operations and shallow and mid-water boat based operators. These deposits have diminished grades and average sizes which are slightly higher than the land deposits, mining of which is increasingly challenged by decreasing sea-day availability, due to the progressive impact of climate change
- Several deep water concessions (eg. 1B off the mouth of the Orange River) are also held by Alexkor, are diamond bearing, and contain larger diamonds than currently being mined on-land. Concession 1B was subject of initial evaluation and trial mining in 2016 and 2017, by a contract arrangement with a deep sea mining vessel.

3. Existing Mining Operations

Currently diamond mining is taking place on remnants of land based deposits and the shallow marine deposits via operators working of the beaches, or in deeper waters with small boats.

7188 0547 1109
Boedek - M. Bate

The Company has actively revaluated land based deposits since the formation of the PSJV, constructed a new processing plant and mining operation in the south at Mulsvlak, and is also prospecting other parts of the land deposits.

Exploitation of the shallow marine deposits has become more challenging due to easy to access and higher grade areas having been depleted, and diminishing 'sea-days' due to climate change

Currently there are 55 marine mining contractors, and 21 land and bedrock sweeping contractors, operating at Alexkor. A summary of the production information for the period 2015 to 2018 is presented in Table 1.

Most notable features from Table 1 are the decline in diamond sizes of the land based production, the constant large stone size recovered from the marine operations, and the encouragingly consistent revenues, in spite of the declining diamond sizes (and prices) for land deposits, and the downward price trend in the rough diamond market in this period.

Table 1. Summary of Alexkor production and revenue data for the period 2015 – 2018

	2015	2016	2017	2018
Carats	74 219	46 005	155 813	48 163
Land deposit ave. stone size (ct/stone)	0.61	0.57	0.40	0.37
Marine deposit ave. stone size (ct/stone)	0.85	0.86	0.85	0.86
Revenue ZAR million	414.2	386.5	757.5 #	408.9

- Note that the strong increase in carats production and revenue was due to a contract undertaken with a deep sea mining entity to undertake initial evaluation and trial mining in sea concession 1B.

4. Characteristics of Remaining Resource

Table 2 provides a simple overview of Alexkor's diamond resources, and is based on a resource study compiled by SRK in 2007 from all the existing information and data that had been undertaken in prior years at Alexkor.

Although the SRK data is dated and questions have been raised its integrity, it nevertheless shows the following criteria at that time, and following trends:

- Land based diamond grades expressed in carats per hundred cubic metres are extremely low, compared to the early years of mining where grades typically ran above 15 – 20 carats per 100 cubic metres, and often above 25 carats per 100 cubic metres
- The average land diamond stone sizes show a progressive decrease in size from north to south with an overall average of about 0.30 ct/stone

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 Beckham Beck

- Overburden is in most cases excessive (average 5.35 m) which impacts the viability of all remaining land based gravel pockets, particularly so in recent years due to rampant fuel price increases and the cost of operating earth moving equipment.

Table 2: Summary of Alexkor diamond resource information based on a 2007 compilation by SRK

Mining Areas (N to S)	Grade Ct/100 m ³	Ave Ct/Stone	Overburden metres	Comments
Alexander Bay N	>20.0	1.0	0.5	Mined out
Alexander Bay S	3.22	0.46	1.0	Mined out
Kaap Voltas	5.04	0.53	10.3	Mid-sized potential resource, but excessive overburden negates potential
Peacock Bay	9.2	0.46	3.4	Small Irregular resource
Rietfontein	5.07	0.31	4.4	Mid-sized resource, but small stone size
Gifkop	6.94	0.28	5.1	Mid-sized resource; but very small stone size
Holgat N	6.49	0.30	6.7	Small resource, small stone size
Holgat S	5.17	0.29	3.4	Small resource, small stone size
Perdevlei	4.99	0.33	4.9	Small resource, small stone size
Cliffs	4.28	0.27	7.2	Mid-sized resource, very small stone size
Langpan	5.43	0.23	3.8	Mid-sized resource, very small stone size
Muisvlak	7.95	0.28	4.3	Mid-sized resource, very small stone size. Currently largest land mining area around Muisvlak plant.
Port Nolloth	4.61	0.29	5.9	Very small resource, very small stone size
Average	5.69	0.29	5.4	

The shallow marine deposits with their larger average sizes are important to the ongoing and long-term sustainability of Alexkor, but as noted in section 2 are becoming more difficult to mine, and the diminishing sea-day availability is a challenge. Investigating and evaluating new technologies (eg. Jack-up mining platforms) is an important consideration for future exploitation of the shallow water deposits.

In the case of the deep-water concessions, detailed evaluation (prospecting) and exploitation of these deposits would require significant capital investment (Rand billions) in respect of resource delineation, and purchase of deep sea mining vessels.

Alternatively a joint venture may be an option with a partner that has the expertise, equipment, and financial capability to fund the initial evaluation of the deep water deposits, and then potentially also mine them.

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5. Gavin Craythorne Report

In a report sent to the DPE Parliamentary Portfolio Committee by Gavin Craythorne dated 5 November 2018, an attempt is made by the author to compare a Price Indices of Alexkor alluvial diamond sales for the period 2008 to 2108, with the Bloomberg and Ziminsky rough diamond Price Indices. Craythorne's 'Composite Indices' plots for Alexkor are included below as Figure 1 in this report.

For the record Alexkor sells in diamond production from the land and marine alluvial deposits as run of mine (ROM) on a 6 to 8 weeks cycle via a professionally managed Tender (or Auction) system which is operated by Scarlet Sky International (SSI). Diamond production from contractor mining operations is rigorously documented, prepared, and valued at the mine, shipped by an international courier to the Johannesburg premises of SSI, where further audit, preparation, sorting, and valuation work is done, prior to proceeding to the sales process.

Typically 60 to 80 local and international buyers attend these Tenders, and view and make bids on the parcels and goods they wish to purchase. At the end the viewing period (typically about 5 to 7 days) the Tender bids are opened and scrutinized, and the diamonds sold to the highest bidder, provided the reserve prices are met or exceeded.

In respect of the graphs shown in (Figure 2) and the deductions and allegations made by Craythorne, the following points have relevance:

Comparison of kimberlite versus alluvial diamond production

1. Annual world diamond production (estimated to be about 140 m carats in 2018) is dominated (~90%) kimberlite mine production, with only about 10% produced from alluvial deposits such as Alexkor by alluvial (or secondary deposits) such as Alexkor
2. There is no internationally accepted index for alluvial diamond production which would have its own set of properties, in particular high average stone size and Dollar per carat
 - a. The Bloomberg and Ziminsky diamond price indices used for tracking rough diamond prices are based on an abundance of rough diamonds from kimberlite sources (average size 0.30 ct/stone) of highly variable quality and sizes
 - b. Diamonds produced from kimberlites show fundamental differences in terms of average stone size, size frequency distribution, and pricing, compared to alluvial diamonds of the sizes and qualities mined at Alexkor
3. In respect of the graph and statements made by Craythorne, dialog was entered into with Paul Ziminsky who is a well known and respected international expert in the diamond industry based in New York. His response to our query about the Craythorne work was the Craythorne approach and interpretation was flawed given the much higher quality of the Alexkor goods, as compared to the global diamond average and data (primarily kimberlite diamond sales) that he (Ziminsky) had used to construct his indices
4. Ziminsky furthermore noted that it would have been more appropriate to use a sub-index of his (Ziminsky) that more closely mimics the Alexkor product mix
5. In addition to the responses and comments received from Ziminsky it should be noted, as for example as in Figure 3, that the individual indices that exist for monitoring diamond prices, all show differences in terms of patterns, index values, and overall consistency of their patterns

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6. It is therefore crucial that the Diamond Price Indices are used with care, and that comparisons be done on a 'like for like' basis, otherwise interpretations of small selective parcels such as Alexkor goods have limitations and may be of little value
7. The approach and use of the Bloomberg and Ziminsky Indices as applied by Gavin Craythorne, are considered unsuitable for comparison of the price characteristics and trends of alluvial diamond deposits such as those from Alexkor, and his allegations contained in his recent document are considered to be without substance.

The parameters and methods applied by Craythorne are unknown

8. Further to the comments above, methodologies and indexing procedures applied by Craythorne to calculate and plot the Bloomberg and Ziminsky indices, and the procedures applied to the Alexkor data are not supplied by the author.
9. Without knowledge of the information and methodologies applied by Craythorne it is not possible to interrogate the data robustly, but the following are key negatives:
 - a. all the indices start at a common point and then diverge which is unusual and suggests that the process was flawed. Price Indices if properly calculated and constructed should start at different starting points and show parallel and in some cases cross cutting trends, although most show broadly similar patterns
 - b. examination of the regularly published indices of Bloomberg and Ziminsky, shows that these two rough diamond indices have a number of different features – for example they show variations in the actual index units on the left-hand axis and at various dates along the graph, and the peaks and troughs vary somewhat in structure on an index to index basis. Comparison of the proper curves with Craythorne's versions suggest that his data and plots have been 'smoothed' and are not truly representative of the published examples
 - c. notably the overall Alexkor indices also show the same general shapes and trends as the Bloomberg and Ziminsky trends
 - d. it is likely that the two international indices (Bloomberg and Ziminsky), and Alexkor plots are within arithmetic and statistical error
 - e. the referred to divergence of the trends to the right of the diagram and suggested lower pricing for Alexkor goods, if in fact real, would be consistent with Alexkor's production profile of declining average stone size and hence lower pricing over time;

Based on our overall appraisal of the Report and figures submitted to the DPE, discussions with local and UK based diamond experts, and comments from Paul Ziminsky, we see little merit in the approach and interpretations of Craythorne, and consider his latest allegations to be without substance.

6. Alexkor Diamond Sales History for the Period Shown by G Craythorne

In his document Craythorne also makes the statement that the data provided in his document of 5 November 2018 provides "compelling evidence for tender rigging".

During the period (2008 – 2018) that Craythorne shows for Alexkor diamond sales, different sales/tender parties were involved in the marketing and sales of Alexkor goods. Initially the sales process was managed by Managhm Pellegh, then Fusion Diamonds, and most recently by SSI since 2014.

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If as is being implied in the Craythorne report, there were corrupt practices being applied by SSI in the marketing of the goods (since 2014), it would be highly unlikely that the consistency of the overall trends as reflected in the Indices (Figure 1) published by Craythorne which cover a period when during which at least three different and unrelated parties facilitated the Alexkor diamond sales process.

If tender rigging (for example removal of stones of value or under-reporting of prices?) had taken place during the period that SSI have been facilitating this process, then the trends would have almost certainly shown unusual inflections and deflections (or deviations) away from the overall consistent and continuous trends that are apparent in Figure 1 across the breadth of the diagrams.

As an adjunct to the above statement, it is well documented and also apparent from Table 1, that Alexkor's production profile has changed notably since 2014 due to mainly:

- Increased production from land (Muisvlak and more land contractors) in the South
- Increase of marine production from the South – as noted in Table 1 stone size from the South are at around 0.3 ct/stone whereas those closer to the Orange river were above 0.6 ct/stone
- Land production has in general been fetching lower prices in line with the fall in international diamond prices, which has been more prevalent in the Melee or 'smalls' (<0.30 ct/stone) and compounded by the advent of synthetic gemstones entering the market place.

On the basis of the changing profile of production and smaller average stone sizes apparent in the land data, the indices could likely show a greater divergence downwards (increasing gap) towards the right-hand side of the graph.

7. Diamond Market Changes and Impacts

In recent years, notably since 2015 rough and polished diamonds have faced generally tough market conditions reflected in generally softening prices. The overall downward trends for 2015 to 2018 in Figure 2 depict this.

In spite of the tough market conditions Alexkor through its combination of land and marine based mining, continual operational enhancements, geological interventions and assistance to contractors, close monitoring and diligent security procedures, and on-going improvements and fine tuning of tender processes by its marketing and sales partner SSI, has managed to sustain overall revenue consistency.

Looking forward, there are however new challenges presenting themselves in the international diamond market, which are likely to have some impact of Alexkor's run of mine production and diamond prices. These challenges relate primarily to the advent and increasing production and sales of small synthetic gemstone diamonds. This new development in the market-place will see growing volumes of mostly 0.30 carats and less (Melee type goods), and some larger stones, pursuing niche consumer markets, particularly branded products, hereby competing and impacting on the bottom end of Alexkor's alluvial natural rough diamond production.

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Alexkor management, with the assistance of SSI, are closely monitoring this new development and already have initial ideas on how best to address this interesting new challenge. These ideas are being examined in more detail and will in due course be outlined to the Board.

8. Conclusions

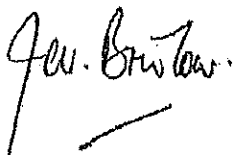
Alexkor's mining activities have unfortunately in the past two to three years faced growing criticism and interference from outside persons and activists. This has proven detrimental to staff morale, disruptive to the continuity of operations, and caused the unnecessary deployment of costly management time, resources and monies which could be better applied to existing and new mining operations, expanding community involvement, and job creation.

In respect of a recent Document dated 5th November 2018, sent to the DPE Parliamentary Portfolio by Gavin Craythorne, our detailed appraisal of his interpretations and accusations, supported by the assistance of independent diamond experts, as well as direct contact with Mr Paul Ziminsky in New York, have shown that the inferences and allegations made by Mr Craythorne are without merit in respect of our analysis of the information.

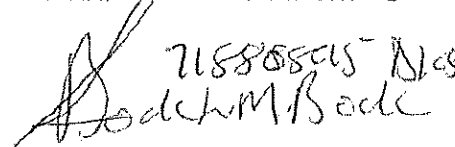
Further to the above situation, the persistent negativity and allegations faced by Alexkor, have had the benefit of encouraging the Management Team to review and reassess various activities and actions that it undertakes in its normal course of business. Following from this Management have identified various improvements that can be made to operating strategies, the need for more proactive communication of the many important and positive interventions already in place with its communities, as well as other potential interventions. Refinement of existing, and new, interventions have the ability to build on the existing strengths of the operations and enhance social contributions to northern Namaqualand and its communities.

The envisaged enhancements could for example assist further social upliftment, and development of a more positive profile of the Company's activities in Namaqualand, and will be shared with the Board in due course.

Management also plans to engage an appropriate expert to undertake a robust review of its entire diamond marketing and sales pipeline, and thereby further address the on-going negativity and allegations of the likes of Gavin Craythorne and others.



Dr J W BRISTOW
Global Diamond Network
17 November 2018



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Dr J W Bristow


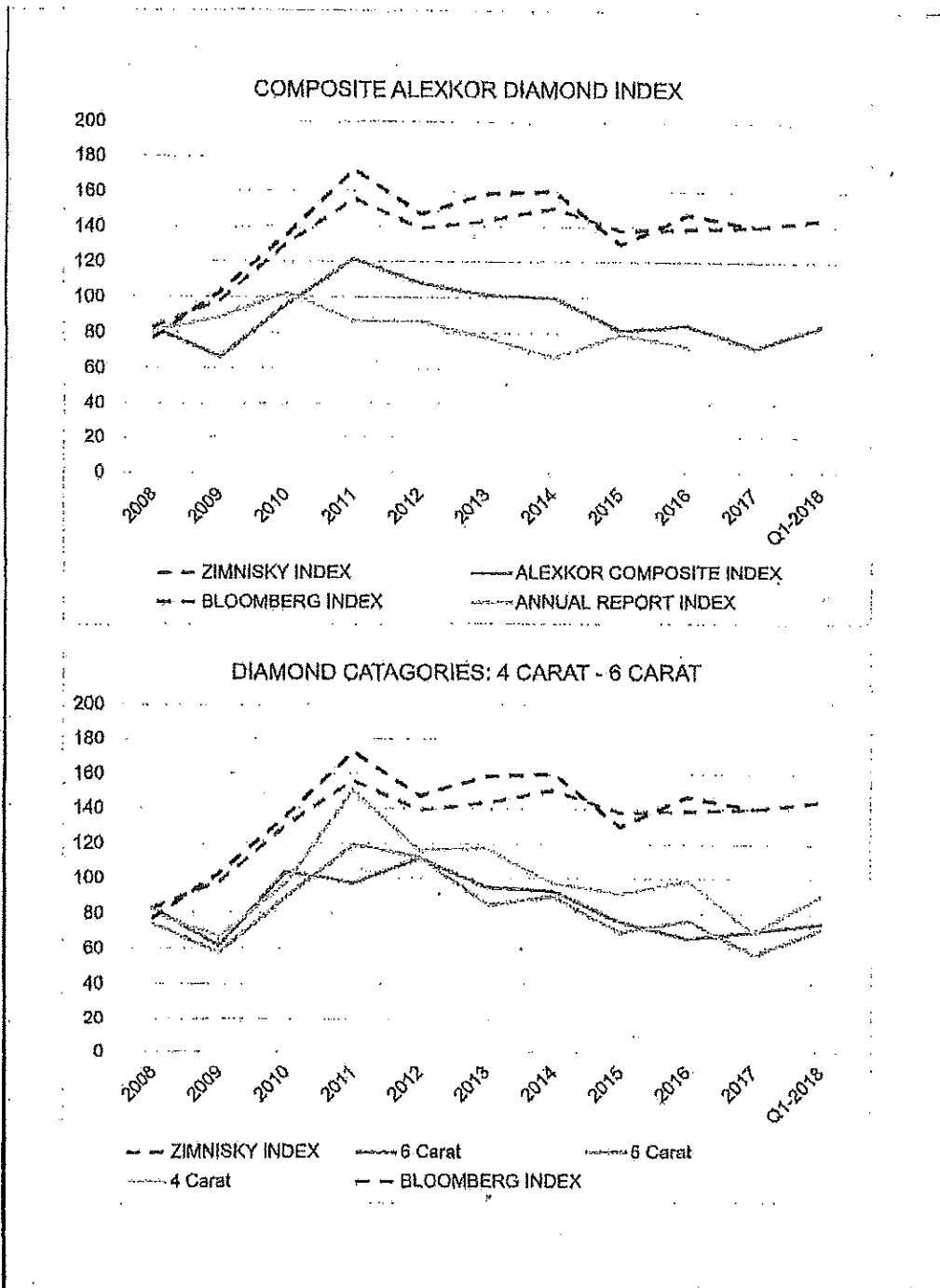


Figure 1. Diagrams showing international diamond price Indices (Ziminsky and Bloomberg), and the Indices prepared by Craythorne for Alexkor diamond sales from 2008 to 2018. The methods of calculation and underlying Indices and denominator to construct these curves are not reported,

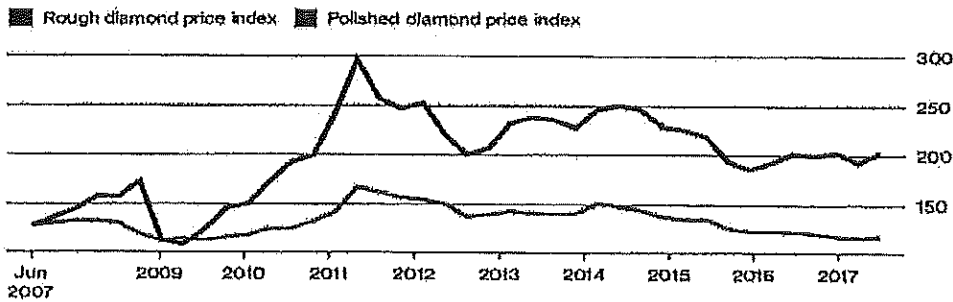


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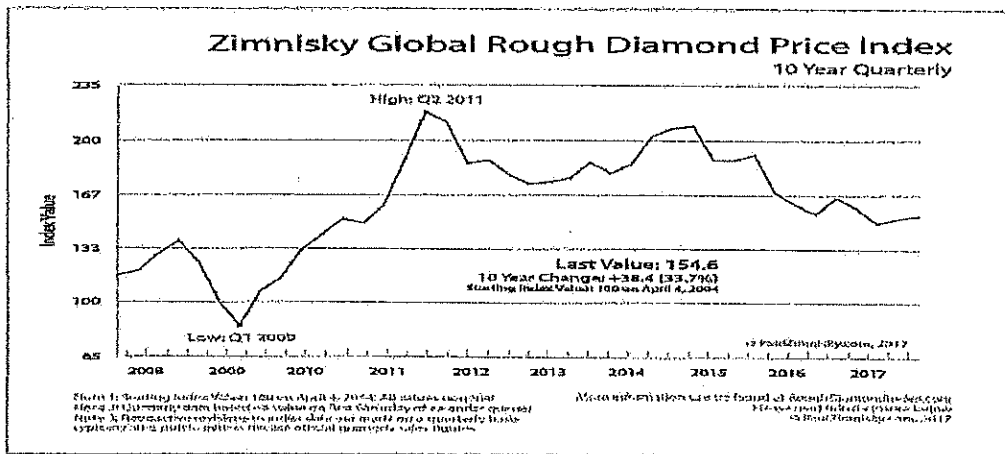
Figure 2: Rough diamond price Indices from Polished Prices.com, Ziminsky (his standard plot), and Bloomberg based on kimberlite diamond production. There are no similar Indices for alluvial production. Note that there are differences differences in the three Indices due to the averaging of a great range of diamond sizes, qualities and prices, and the different Parties having access to different sources of diamond sales information

The Squeezed Middle

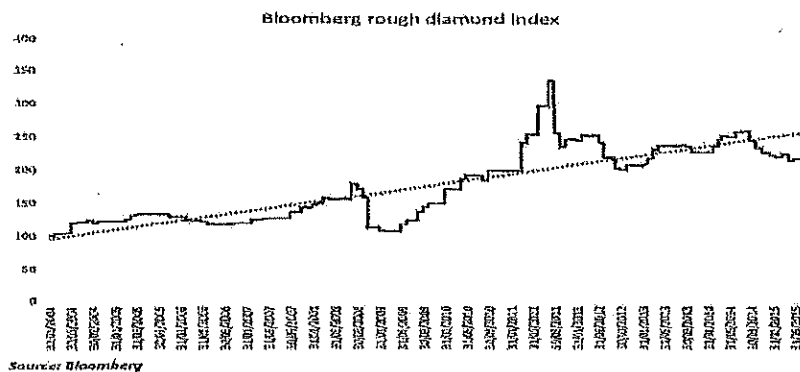
Paying more for the rough and getting less for the smooth has cut profit



Source: PolishedPrices.com



Petra Diamonds
 FY 2016 Analyst guidance - Bloomberg Rough Diamond Index (PLPHROAI)
 Published 27 July 2015



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Figure 3: Indices for polished diamond prices – the variability in the different indices compiled by different Parties is large as in Figure 3a, and is also considerable in the case of indices for different size/price ranges as in Figure 3b

Figure 3a

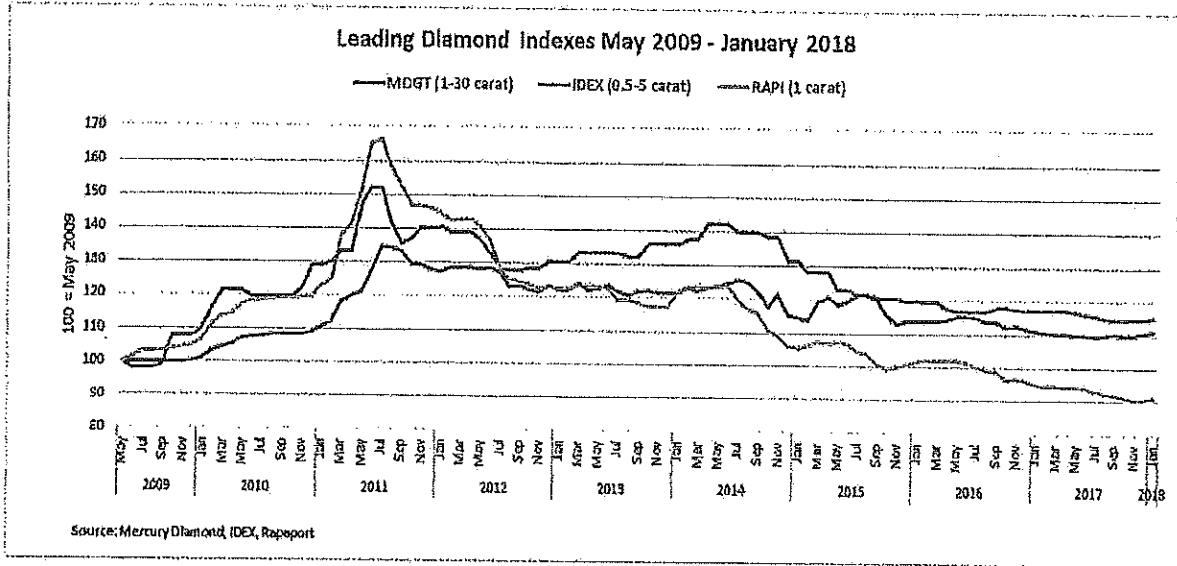
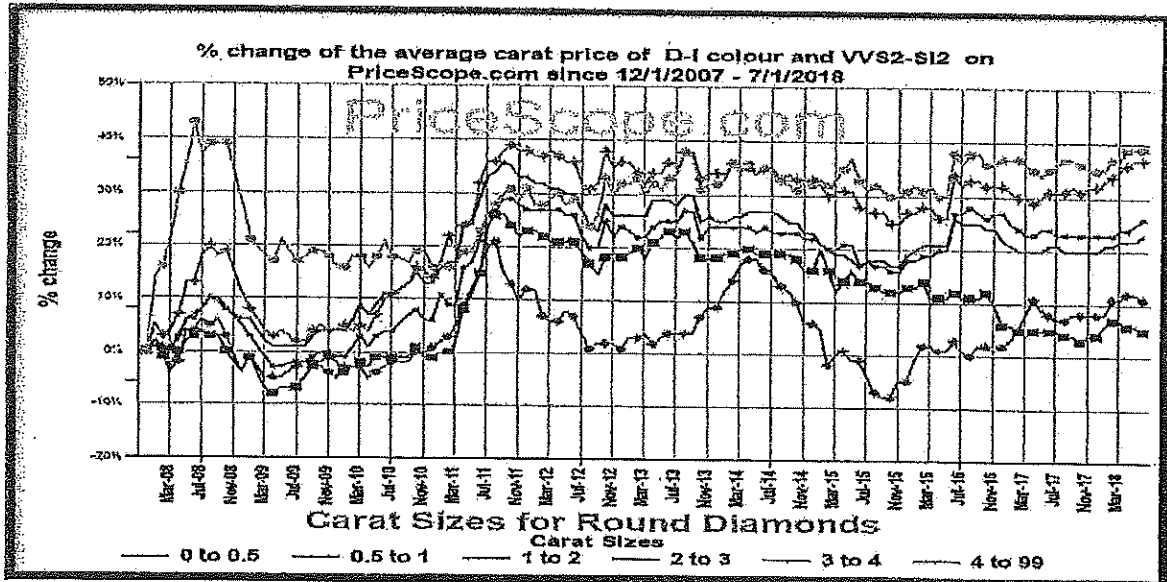


Figure 3b

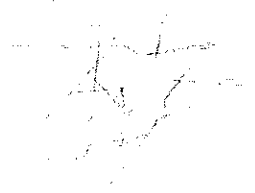


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Per Email: el-marie.craythorne@outlook.com

Your reference

Our reference

Date

S Hockey - 3022052

24 October 2017

Dear Madam

re: **OCEAN DIGGERS CC - SHALLOW MARINE CONTRACT WITH ALEKOR SOC LIMITED**

1. We write to you on behalf of the Pooling and Sharing Joint Venture ("the PSJV" or "our client"), a joint venture between Alexkor (SOC) Limited and Richtersveld Mining Company ("the RMC"). We are informed that your company, Ocean Diggers CC has entered into a "Shallow Marine Agreement" with our client. The said contract terminates on 28 November 2017 and is currently under consideration for renewal, which is at the sole discretion of the PSJV.
2. Our client instructed us to express its grave concern that the recent conduct of your Mr Gavin Craythorne, who is one of your company's senior employees, is in breach of the contract between our client and your company. In this regard, we are instructed to remind you of your company's obligations under the contract, in particular clause 8.7 thereof, which reads:

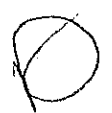
Partners in office at Cape Town: Office Managing Partner: G Fitzmaurice Partners: RB Africa AE Bennett AR Bowley SJ Chong A Christie KM Colman JJ Daniels MA Diment HJ du Preez AE Esterhuizen MJR Evans C Gabriel OH Geldenhuys S Hockey PM Holloway SJ Hutton AV Ismail S Jooste LA Kahn A Keyser CS Meyer LE Mostert RA Nelson Z Rawoot K Rew H Samsodien J Smit A Toefy PZ Vanda DM Visagie

Senior Partner: JC Els Managing Partner: SJ Hutton Partners: BW Abraham RB Africa NG Alp OA Ampofo-Anti RL Appelbaum DC Bayman AE Bennett AP Blair DHL Booysen AR Bowley JL Brink S Browne MS Burger RI Carrim T Casslin SJ Chong A Christie KL Collier KM Colman KE Coster K Couzyn JJ Daniels CR Davidow JH Davies PM Daya L de Bruyn PU Dela JHB de Lange DW de Villiers BEC Dickinson MA Diment DA Dingley G Driver HJ du Preez CP du Toit SK Edmundson AE Esterhuizen MJR Evans AA Felekis GA Fichardt G Fitzmaurice JB Forman C Gabriel CP Gaul KL Gawith OH Geldenhuys MM Gibson SJ Gilmour H Goolam CI Gouvs PD Grealy A Harley JM Harvey MH Hathorn JS Henning KR Hillis XNC Hlatshwayo S Hockey CM Holfeld PM Holloway HF Human AV Ismail ME Jarvis CM Jonker S Jooste LA Kahn M Kennedy A Keyser M Kyle J Lamb L Marais S McCafferty MC McIntosh SJ McKenzie M McLaren SI Meltzer CS Meyer AJ Millis JA Milner D Milo NP Mngomezulu S Mogaie M Mofoi LE Mostert VM Movshovich RA Nelson BP Ngopepe A Ngubo ZN Ntshona MB Nzimande L Odendaal GJP Olivier H Paige AMT Pardini AS Parry S Patel GR Penfold SE Phajane TC Phela MA Phillips D Ramjattan GI Rapson Z Rawoot K Rew G Richards-Smith NJA Robb DC Rudman S Rugan M Sader H Samsodien JW Scholtz KE Shepherd AJ Simpson N Singh N Singh-Nogueira P Singh J Smit MP Spalding PS Stein MW Straeuli LJ Swaine JM Swanepoel Z Swanepoel A Thakor A Toefy PZ Vanda PP van der Merwe SE van der Meulen CS Vanmali JE Veeran D Venter B Versfeld MG Versfeld TA Versfeld DM Visagie J Watson DP Wild KL Williams K Wilson RH Wilson M Yudaken

Chief Operating Officer: SA Boyd

Webber Wentzel is associated with ALN

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"The Contractor shall ensure that it does not do anything (whether by way of act or omission) that is adverse or prejudicial to the standing and reputation of the PSJV, and shall ensure that its employees, agents and contractors give effect to the aforementioned undertaking as if they had given it in terms of this Agreement." (our underlining).

3. Furthermore, clause 25.2. entitles our client to terminate the Agreement forthwith on written notice, if:

"25.2.1 the Contractor (i) acts in a manner that prejudices, (ii) attempts to prejudice the reputation of the PSJV, Alexkor or RMC;"
4. The impugned conduct of Mr Craythorne includes spreading misleading information amongst shallow marine contractors of amongst other, diamond prices realised, without taking into account the diverse factors that influence such prices. The spreading of such information is misleading if not accompanied with the context of the varied influences on diamond prices, which Mr Craythorne, given his experience of the industry, must be aware of. The only conclusion that can be reached given Mr Craythorne's experience of the industry, is that he is intentionally misleading shallow marine contractors and their employees, with the sole objective of prejudicing the good standing and reputation of Alexkor amongst its contractors.
5. In fact, Mr Craythorne was caught in the early hours of 11 October 2017 stealthily putting up notices containing the misleading information relating to diamond prices (without such information being put in its proper context) on notice boards of our client.
6. Our client is also aware of other false rumours which have been spread by Mr Craythorne which is not necessary to expand upon for purposes of this letter, save to state that such rumours is clearly intended to harm our client's reputation and good standing amongst its contractors and other stake holders.
7. Subsequent to Mr Craythorne putting up the notice as referred to in paragraph 5 above, and as a direct result of the false rumours he is complicit in spreading, the management of our client have received death threats which are not taken lightly. A notice to this effect was placed on a public notice board in Port Nolloth. There is a clear correlation between the misinformation spread by Mr Craythorne and statement made in the aforesaid notice.

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8. We are instructed to inform you that our client is opening a criminal case as a result of the aforesaid death threats, and furthermore, should any of our client's employees suffer any harm as a result of the malicious and false rumours to which Mr Craythorne is complicit in spreading, legal action against him, both criminal and civil will be instituted.
9. This letter is also to inform you that Mr Craythorne's actions put your company at risk of having its contract with our client terminated, as our client is entitled to do. You are obliged to give effect to your company's obligation to ensure that your employees do not do anything that is prejudicial to the standing and reputation of the PSJV.
10. We await to hear from you as to what you intend doing to ensure that Mr Craythorne do not cause a breach of clause 8.7 of the Agreement, as set out above, and an undertaking from you in this regard is expected.
11. We await to hear from you by no later than Friday 27 October 2017.

Yours faithfully

WEBBER WENTZEL

Selwyn Hockey


Partner

Direct tel: +27 21 431 7391

Direct fax: +27 21 431 8391

Email: selwyn.hockey@webberwentzel.com

Please note, this letter is sent electronically and therefore not signed. A signed copy will be provided on request.


Diederik M. Bock



"Ray 17"

WEBBER WENTZEL

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OCEAN DIGGERS CC

Attention: **Ms Craythorne**

Email: el-marie.craythorne@outlook.com

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Cape Town, 8001

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8000, South Africa

Docex 34 Cape Town

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www.webberwentzel.com

Your reference

Our reference
S Hockey

Date
7 November 2017

Dear Ms Craythorne

re: **OCEAN DIGGERS CC - SHALLOW MARINE CONTRACT WITH ALEXKOR SC LTD**

We refer to our letter dated 24 October 2017 and your response thereto dated 26 October 2017.

We advise that subsequent to our aforementioned letter, the management of our client received further death threats per post. The direct correlation between these death threats and the misleading and false information distributed by your employee, Mr Gavin Craythorne is indisputable. These death threats are taken very seriously by our client and a criminal charge has been laid with the South African Police Services.

Mr Craythorne's actions as aforesaid have not only put the lives of the management of our client at risk, but has also resulted in a breakdown of trust between our client and Mr Craythorne, both in his capacity as an employee of your company (which, for as long as Mr Craythorne is in your employ, may also negatively affects the relationship with your company), as well as in his capacity in the role he plays in the Equal Access Campaign.

Your advice that Mr Craythorne gave a "provisional assurance" as expressed in your letter of 26 October 2017 is less than cold comfort to our client.

As a result of the above, our client has decided that for as long as the criminal charge relating to the death threats remain under investigation, Mr Craythorne should be denied access to the mine. Mr Craythorne has been informed of this, and he has been granted an opportunity to make representations to our client as to why his suspension should be lifted, which he can do at any time.

WW To Ocean Diggers (2),Doox

Partners in office at Cape Town: RB Africa AR Bowley SJ Chang KM Colman JJ Daniels MA Diemont HJ du Preez AE Esterhuizen MJR Evans G Fitzmaurice C Gabriel S Hockey PM Holloway AV Ismail KA Jarvis S Jooste LA Kahn A Keyser CS Meyer LE Mostert RA Nelson Z Rawoot H Samsodien J Smit L Stein O Tobias A Toefy PZ Vanda DM Visagie

Senior Partner: JC Els **Managing Partner:** SJ Hutton **Partners:** RB Africa NG Alp AE Bennett DHL Booysen AR Bowley PG Bradshaw MS Burger RS Coelho KM Colman KE Coster K Couzyn JH Davies JHB de Lange MA Diemont DA Dingley HJ du Preez CP du Toit AE Esterhuizen MJR Evans GA Fichardt JB Forman C Gabriel JP Gouws PD Grealy VW Harrison JM Harvey MH Hathorn NA Hlatshwayo S Hockey PM Holloway AV Ismail KA Jarvis S Jooste LA Kahn M Kennedy A Keyser L Marais S McCafferty MC McIntosh SI Meltzer SM Methula CS Meyer AJ Mills JA Milner D Milo VM Movshovich M Mtshali RA Nelson ZN Ntshona MB Nzimande N Palge AMT Pardini AS Parry GR Penfold NJA Robb DC Rudman JW Scholtz KE Shepherd AJ Simpson N Singh L Stein PS Stein LJ Swaine O Tobias A Toefy PZ Vanda N van Dyk D Venter MG Versfeld TA Versfeld DM Visagie RH Wilson M Yudaken
Chief Operating Officer: SA Boyd

Webber Wentzel is associated with ALN

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Page 2

Our client informed us that the extension of your contract remains under consideration as is the case with the extensions of other shallow marine contracts. Mr Craythorne's access to the mine will be suspended with immediate effect.

Yours faithfully

WEBBER WENTZEL

Selwyn Hockey


Partner

Direct tel: +2 721 4317391

Direct fax: +27 21 431 8391

Email: Selwyn.hockey@webberwentzel.com

Please note, this letter is sent electronically and therefore not signed. A signed copy will be provided on request.

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M. Bode

