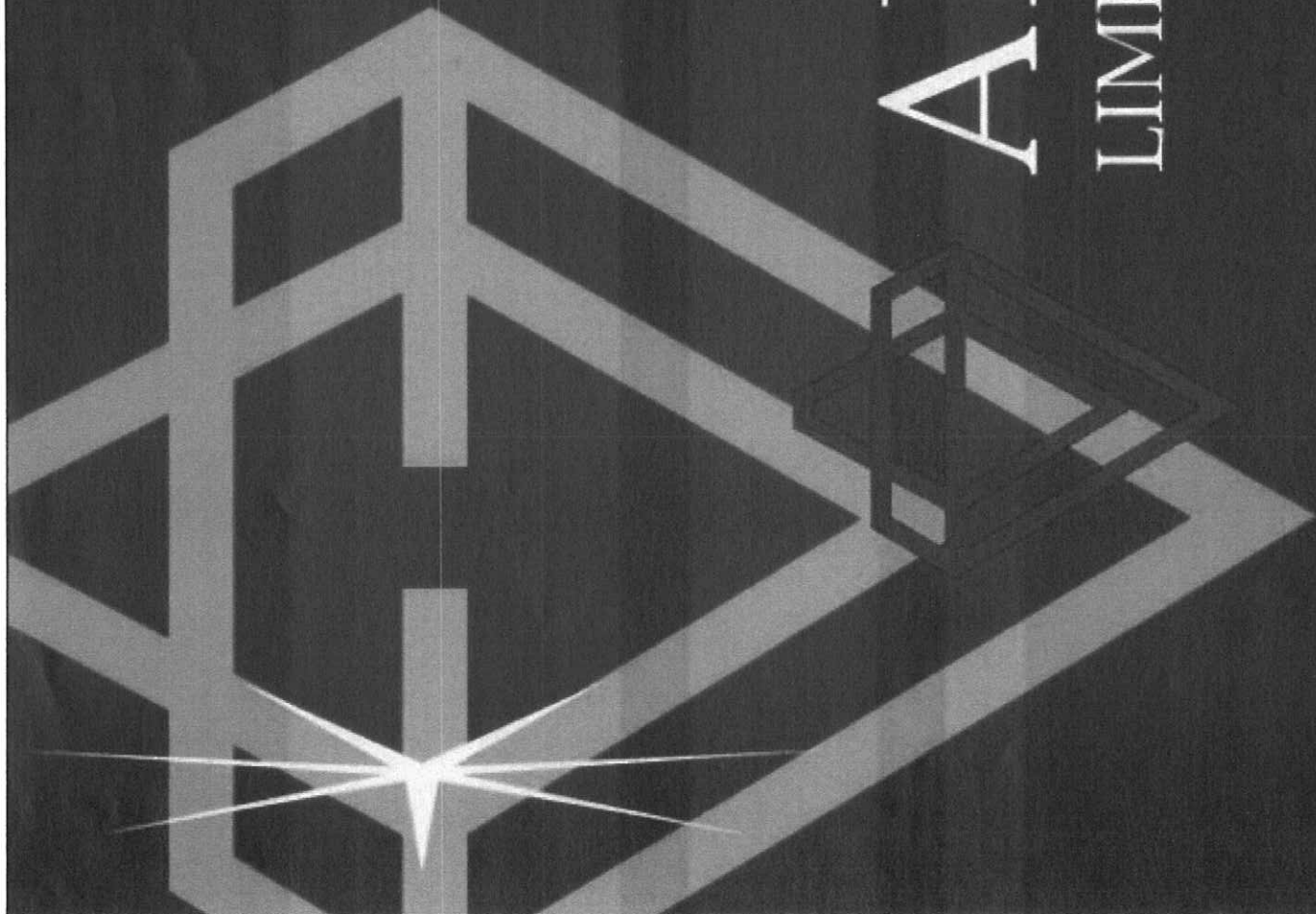


PRESENTATION TO THE
PARLIAMENTARY PORTFOLIO
COMMITTEE FOR MINERAL
RESOURCES

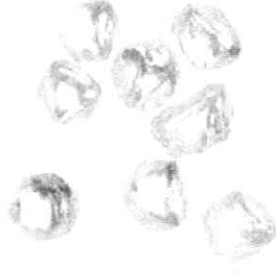
THE STATE-OWNED MINING
COMPANY AUGUST 11th 2010

ALEXKOR
LIMITED



OBJECTIVES OF THE PRESENTATION

The objective of the presentation is to give some insight to the honorable members on Alexkor's experience as the only operational state-owned mining company and identify synergies for the rolling-out of the State-owned mining company



The following will be covered:

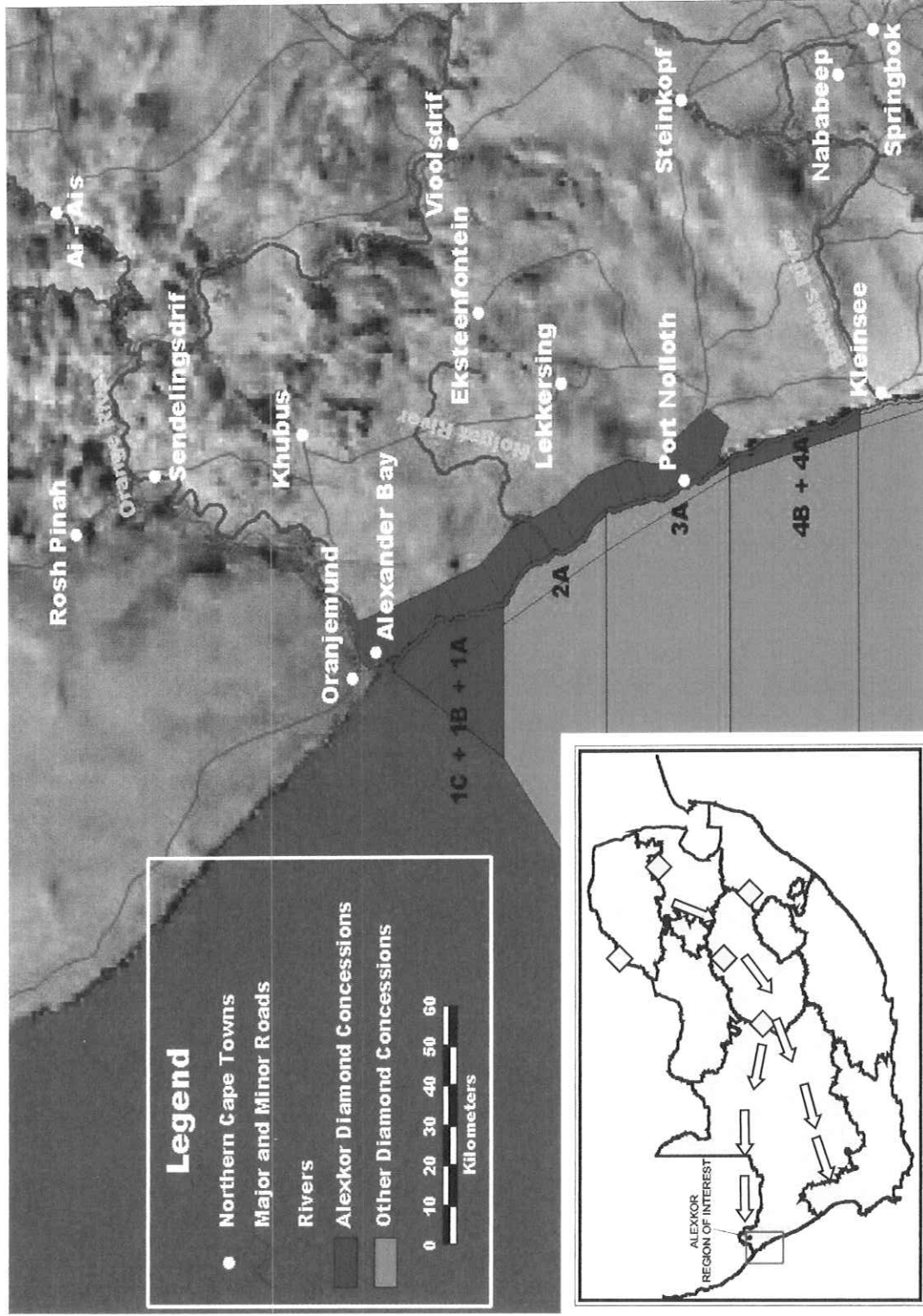
- 1. LOCATION OF ALEXKOR'S MINING CONCESSIONS**
- 2. BACKGROUND-prospecting, mining licenses and marketing contracts**
- 3. POOLING AND SHARING JOINT VENTURE WITH THE RICHTERSVELD COMMUNITY (PSJV)**
- 4. OPERATIONAL OVERVIEW (land and marine)**
- 5. RESOURCE STATUS**
- 6. FINANCIAL FIGURES FOR THE YEAR**



OBJECTIVES OF THE PRESENTATION

7. REDUCED MINING ON LAND AND DECLINE IN SEA DAYS
8. CURRENT METHODS TO IMPROVE PRODUCTION – LAND AND MARINE
9. NEED FOR NEW OPPORTUNITIES
10. ALEXKOR'S STRENGTHS
11. CHALLENGES
12. STATE-OWNED MINING COMPANY

LOCATION OF ALEXKOR'S MINING CONCESSIONS



Prospecting and Mining Licenses

| ALEXKOR - MINERAL RIGHTS HOLDINGS | | |
|-----------------------------------|--|------------------------------------|
| Land/ Sea | Location | Prospecting Permit/ Mining License |
| Sea | Sea Concession 1(c) | PP 21/2001 |
| Sea | Sea Concession 1(a) | ML 34/93 |
| Sea | Sea Concession 1(b) | ML 17/94 |
| Sea | Sea Concession 2(a) | ML 9/95 |
| Sea | Sea Concession 3(a) | ML 34/93 |
| Sea | Sea Concession 4(a) | ML 2/96 |
| Sea | Sea Concession 4(b) | ML 7/94 |
| Sea | Surfzone along Farm No 1 and Farm No 155 | ML 34/93 |

Marine Mining Contracts

- Alexkor marine mining operations are conducted by subcontractors.
- Currently Alexkor has entered into an agreement with 27 independent marine mining contractors and 17 subcontractors and 17 subcontractors are providing diver based marine mining services with small diameter.
- Approximately 489 persons are employed by the contractors and subcontractors on a regular basis
- The revenue split for the individual contractors is as follows:

| Offshore Area | | Revenue percentage split (%) | |
|------------------|-----------|------------------------------|------------|
| | | Alexkor | Contractor |
| NORTH | SEA UNITS | 52 | 48 |
| LAND UNITS | | | |
| SOUTH | SEA UNITS | 30 | 70 |
| LAND UNITS | | | |
| FAR SOUTH | SEA UNITS | 25 | 75 |

PSJV (BACKGROUND)

- Alexkor and the Richtersveld Mining Company are to enter into a Pooling & Sharing Joint Venture (PSJV) to carry out the mining at Alexander Bay in future.
- The PSJV envisages that Alexkor would hold its marine mining rights and the Richtersveld community under their mining company RMC to hold the land mining rights
- In terms of the PSJV these rights would be pooled and mined jointly under a PSJV (in which Alexkor would hold 51% and the community 49%)
- I.t.o a Unanimous Resolution taken by the PSJV Board on 31/8/07, the Board of Alexkor delegated, certain powers to the PSJV Board.
- In order to effectuate the PSJV certain conditions were to be met and these included:
 - conversion of the mining rights
 - finalization of a mining plan by the PSJV

Great for business right - steps

Finalization P

Offer 10% to STB - average share

Production business - 4.6 mli - 6.4% p.a.

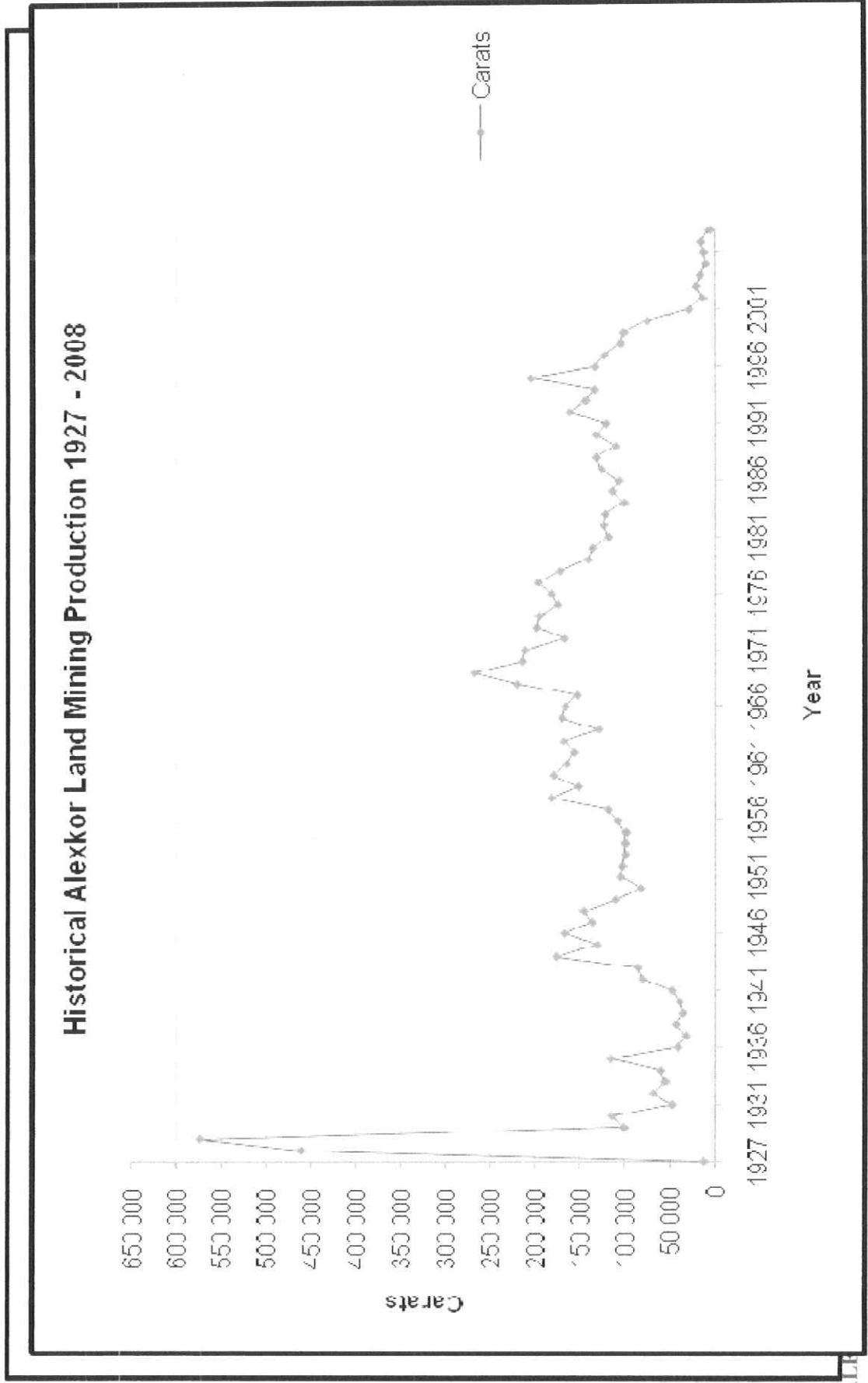


SUMMARY OF ALEKKOR'S MINING OPERATIONS

- The bulk of the carat production was sourced from the marine mining (providing over 70% of the total production)
- Processing
- Alexkor processes its own diamonds. Gravel is delivered to an Alexkor operated plant for processing and the recovery of diamonds
 - Sales
 - The diamonds are subsequently sold on tender at the Johannesburg Diamond Exchange. Alexkor has been offering 10% of its production to the State Diamond Trader



Production History



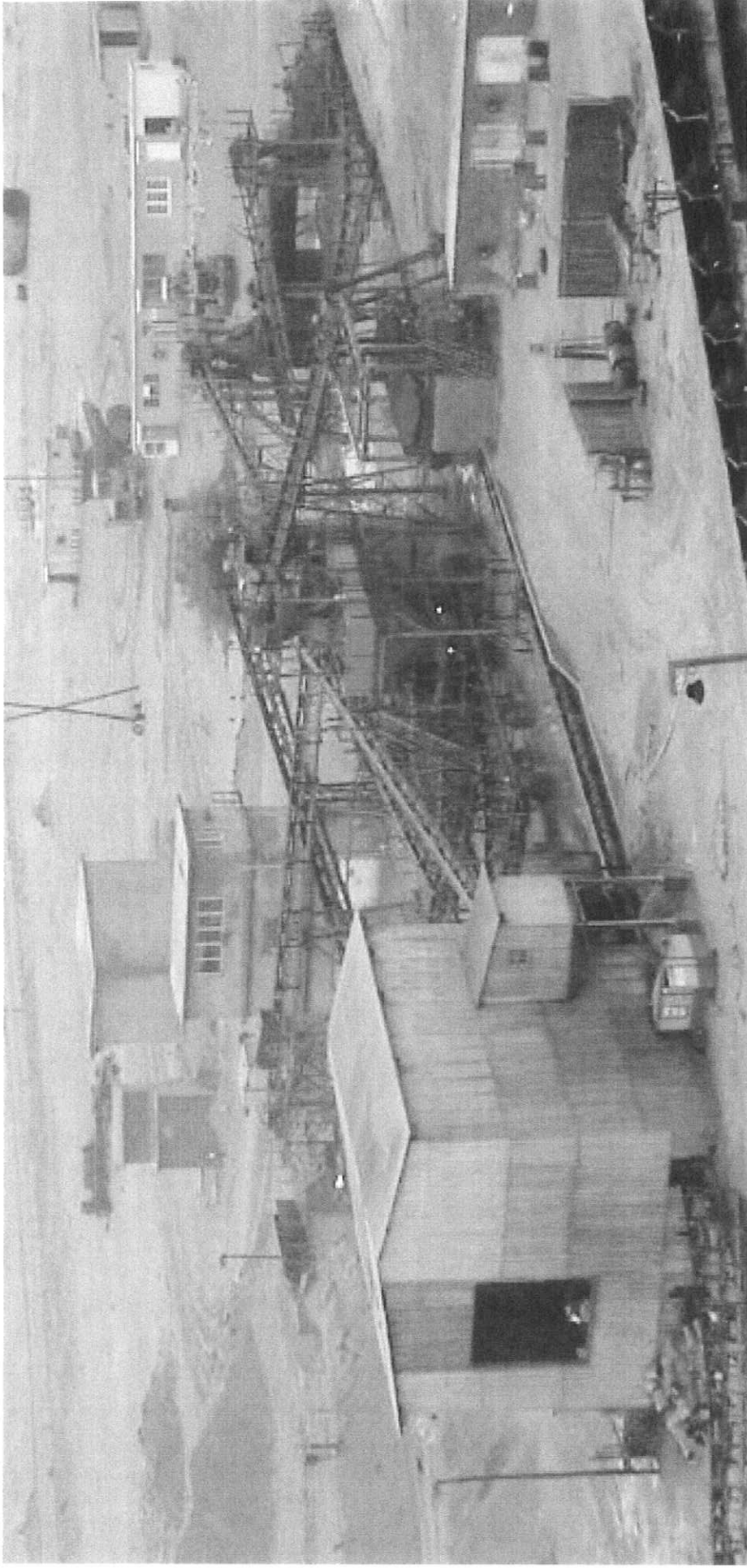
LAND OPERATIONS

The overburden is stripped and the gravel excavated
Material is trucked to in-field screening units
The screened product is transported to the Dense Media Separation Plant



Treatment Plant

- The plant removes the light material and produces a dense concentrate which will include the high density diamonds



TREATMENT & SORTING

The screened gravel is bagged and transported to the recently refurbished OHMS plant for treatment by Alexkor and hands off sorting

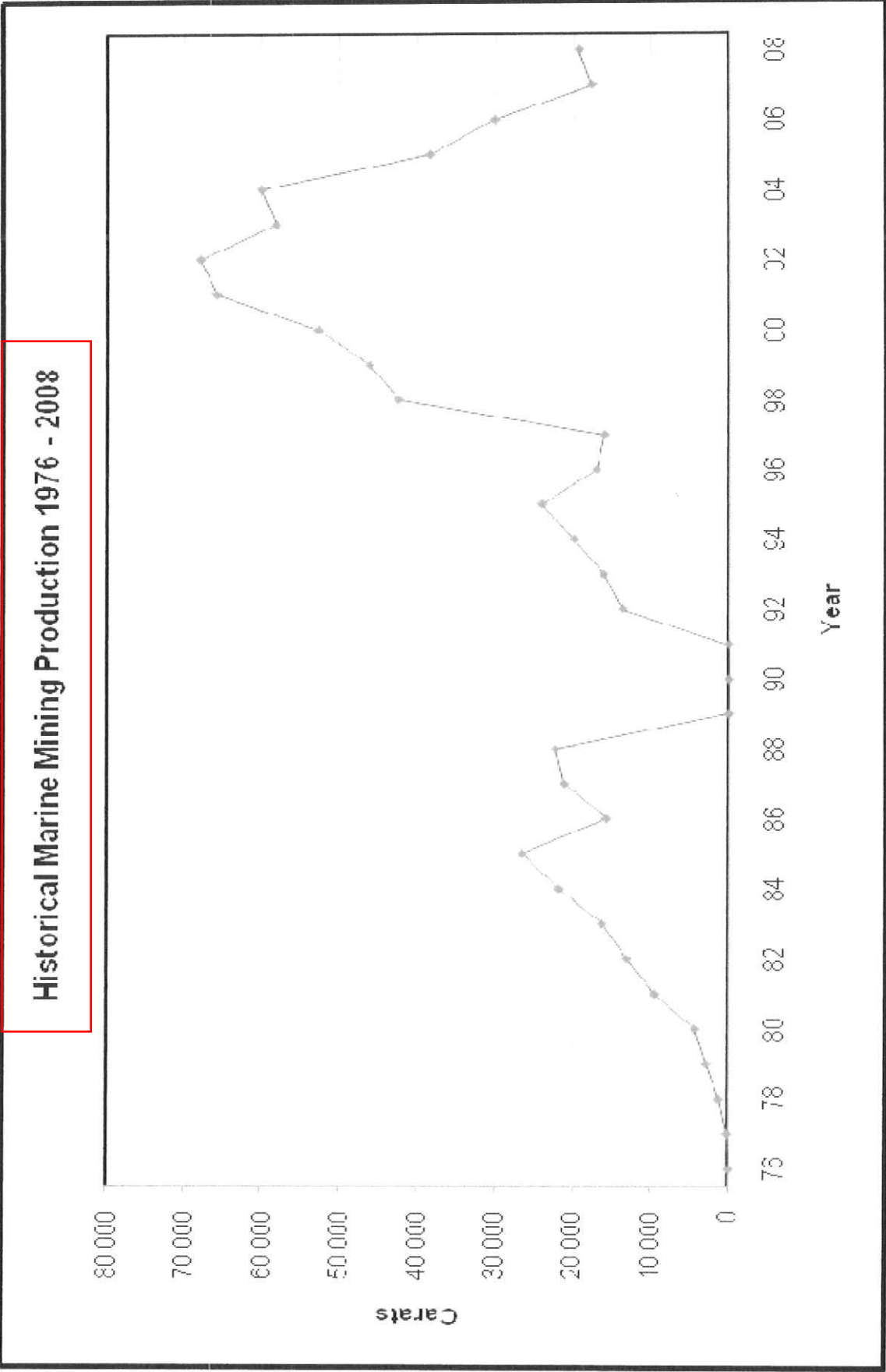


MARINE OPERATIONS

Gravel is pumped from the sea floor through a 60 to 100m long 8 inch hose operated by a diver on the sea floor

The bulk of the carats come from the marine mining (up to 70% of the carats





Resource Status

| Date | Resource (cts) | Source | Classification |
|------|----------------|--------------------------|----------------|
| 1996 | 1,214,000 | De Beers | Non SAMREC |
| 1998 | 759,960 | Alexkor | Non SAMREC |
| 2004 | 6,446,307 | Mineral Services/Alexkor | SAMREC |
| 2008 | 4,603,000 | Alexkor | SAMREC |
| 2009 | 641,600 | PSJV | Non SAMREC |

FINANCIAL FIGURES FOR THE YEAR ENDED MARCH 2010

- The following figures were audited by Alexkor's auditors PwC and signed off by them on 30 July 2010.
- An unqualified opinion was issued by PwC for the financial year of 2010.
- The annual financial statements were submitted to National Treasury and the Department of Public Enterprises before 31 July 2010, as required by the Public Finance Management Act (PMFA).

Financial performance of Alexkor for the year

- Diamond sales for the year in rands equalled R163.9m (2009: R127.5m). That's an increase of 28.5%.
- Net profit after tax amounted to R36.1m compared to a loss of R65.7m in 2009. The main reason for this increase is the actuarial gain on the PRMA because of the reversal of the liability. The increases in diamond prices and production (33,363 carats were produced against a budget of only 25,750 carats) during the 2010 year also contributed to this material increase in after tax profit.
- Alexkor's own cash reserves decreased during the year with an outflow of R1.1m for the year, compared to a budgeted outflow of cash for the year of R8.3m. The variance of 87% was because of the fact that more cash was generated through diamonds sales and better management of costs.

Material movements in the balance sheet

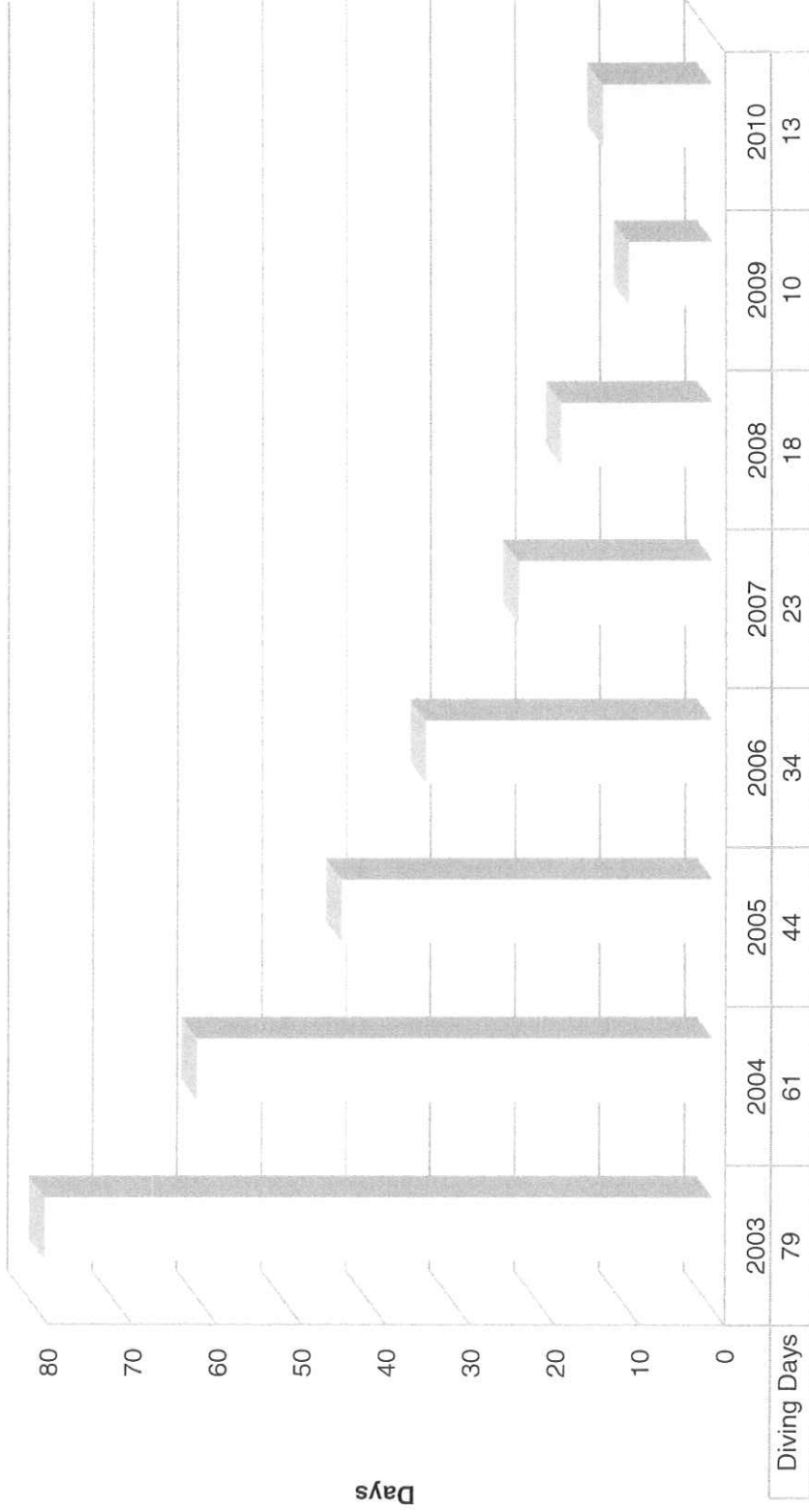
- Cash increased by 51% from R277m to R419m for the 2010 financial year. GFR funds to the value of R129m were received during the year for PSJV purposes (R100m) and Township Establishment (R29m).
- The PRMAL decreased from R135m to R90. The actuarial gain of R45m was because of the changes within the Bonitas medical aid fund when Alexkor dropped their pensioners to a lower subsidy level.
- The Rehabilitation liability increased with R17.0m (2009: R4.7m) because of an CPI-linked adjustment to the accrued amount.

OPERATIONAL CONSTRAINTS

- Diamond Price
- Dollar Exchange Rates
- Environmental Conditions
- Resource
- Rehabilitation Liability

Other constraints include the post-retirement medical aid liability

Diving Days



NEW MINING OPPORTUNITIES

- Alexkor has a LOM of about 10 years and in order to ensure it is a going concern it will need to bring on new diamond mining opportunities in the next two to three years (these opportunities could be in SA or other areas of the region)

ALEKKOR'S STRENGTHS

- Technical know-how
- Sound alluvial mining expertise
- Extraction and processing expertise
- Knowledge of the marketing of diamonds
- A good database
- Vessel-tracking system
- Good quality stones

CHALLENGES

- Going concern
- Rehabilitation liabilities
- Post retirement medical aid liabilities
- Funding

STATE-OWNED MINING COMPANY

- Alexkor sees many synergies with the State-owned mining company
- Alexkor being a mining and processing company would be well aligned to a precious metals and stones division of the state-owned mining company (diamond division)
- Although diamonds may not be considered strategic commodities they are the best platform into the market of high value goods
- Diamonds appeal to people with a high disposable income (they appeal to emotions)
- Diamonds are very strategic within the overall beneficiation strategy of government
- Synergies with the state-owned mining company would enhance objectives of the State Diamond Trader
- State-owned diamond assets pooled and held under Alexkor would increase longevity and sustainability of Alexkor and contribute to the development of the region

Safety and Health Statistics (Year End 31 March 2010)

| | FI | RI | LTI | MI | OI |
|---------------|-------------------|-------------|-------------------|-------------|-----------|
| No | 0 | 1 | 7 | 8 | 0 |
| Freq. | 0 | 0.13 | 0.95 | 1.09 | 0 |
| Target | 0 | 0 | 0.5 | 0.5 | 0 |
| | Cumulative | 1190 | Target | 2000 | |
| | FFPS | | Milestone- | | |
| | | | FFPS | | |

Safety and Health Statistics -Five Year Performance (Cont...)

| Year | 2004/2005 | 2005/2006 | 2006/2007 | 2007/2008 | 2008/2009 |
|-----------------|------------------|------------------|------------------|------------------|------------------|
| FI | 43 | 25 | 28 | 24 | 14 |
| Total | 0 | 1 | 0 | 1 | 0 |
| Injuries | | | | | |
| OI | 1 | 2 | 5 | 0 | 0 |