

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:

MERVYN CARSTENS

RAYGEN PHILLIPS

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

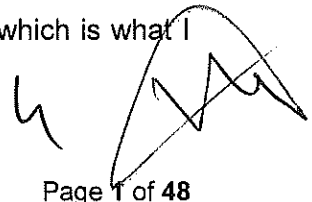
AFFIDAVIT – MERVYN JACQUES CARSTENS

I, the undersigned,

MERVYN JACQUES CARSTENS

do hereby make oath and swear that:

138. I am an adult male miner and the former Chief Executive Officer of the Alexkor, Richtersveld Mining Company Joint Venture colloquially referred to as the Pooling & Sharing Joint Venture (hereinafter referred to as the "PSJV").
139. I reside at 13 Laurel Street, Loevenstein, Bellville. The facts herein contained are within my own personal knowledge and belief unless the context indicates otherwise and are both true and correct.
140. Where I make submissions of a legal nature I do so on the advice of my legal representatives which advice I verily believe to be true and correct.
141. I previously submitted a statement which was signed only by me. I point out that the Rule 3.3 Notice at paragraph 8 invites me to supply a statement and not an affidavit which is what I duly did.



142. It was however always my intention to submit an affidavit. At the time however I was self-isolating and could not have the affidavit commissioned. I further point out that I am following the numbering from my statement.
143. Ms Phillips actually had Covid-19 and was also isolating. Be that as it may, I have now commissioned my previous statement.

AD PARAGRAPHS 8 TO 13

144. The contents hereof are correct. I do however wish to emphasise the fact that the PSJV is my employer and manages the rights created by the unanimous resolution and deed of settlement, both of which I had attached to my statement as "MC2" and "MC3".

AD PARAGRAPH 28 OF THE AFFIDAVIT OF CRAYTHORNE

145. The RFP 03/14 was advertised widely including the Sunday Times and Government Gazette.
146. "GC10" to Craythorne's affidavit is an extract of what was published in the Government Gazette. It is clear from the advert that the request for proposals were two folded the one leg of the request was for bidders to submit proposals on the marketing of the diamonds and the second leg of the proposal was to provide innovative proposal for enhancing the revenue of the Mine through post extraction treatment, processing and beneficiation of diamonds ("PME").

AD PARAGRAPHS 30 AND 31

147. Daniel Nathan and Kuben Moodley became directors of SSI on 20 November 2014 and not on 4 December 2014. This was also confirmed by Gobodo in their report at paragraph 1.5.4 of the report attached to the affidavit of Torres.
148. It was not considered strange for different people to join forces to apply for PSJV tenders and on a regular basis companies were established to specifically apply for PSJV tenders.
149. As an example, the PSJV had applications from mining contractors where they, during the duration of the contract, applied for a change in company name or a change in shareholding. Such applications were granted on a routine basis. The partnering of Daniel Nathan and

Kuben Moodley in becoming shareholders and/or directors in SSI to participate in the tender was not considered unusual.

150. By the time I had completed the due diligence exercise and the verification exercise completed by the Chief Legal Officer of Alexkor, Zarina Kellerman, the registered directors were Mr Moodley and Mr Nathan.
151. In PFMA procurement processes and in terms of the National Treasury SCM Guidelines, this would be a fatal defect, however in private procurement processes nothing turns on these type of occurrences at a very general level.
152. What is important is that the directors were verified by the Alexkor Chief Legal Officer, Ms Kellerman at that time. I had no reason to distrust the information she supplied in this regard.

AD PARAGRAPH 32

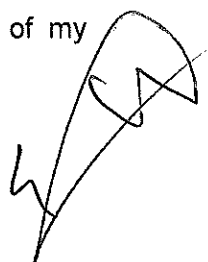
153. I have dealt with the appointment of Gamiro to evaluate the bids of the bidders who responded to RFP 03/14 in my previous statement to the Commission.
154. There is nothing untoward in this within the procurement landscape that the PSJV found itself in.
155. I pause to respond to the statement of Craythorne at paragraph 32.3 stating that Diamond Realisation (Pty) Ltd held the interim contract. This is misdirection as the PSJV never had a contract with Diamond Realisation, but rather with Fusion Alternative. The representatives of Fusion Alternative and Diamond Realisation are however the same people. The premises utilised by Fusion Alternative for the diamond tenders of the PSJV were 230 Main Street, Johannesburg, the same premises for which Diamond Realisation held the Tender House License for. It is clear that there was only one party contracted.
156. I pause also to respond to the allegations concerning the Alexkor decision to pursue coal mining. Since the establishment of the PSJV during April 2011, the pooled operations were under the full control and management of the Joint Board.
157. Alexkor SOC were no longer in control of the diamond mining operations. It is clear from the provisions of the Unanimous Resolution that the only representation Alexkor had in the joint venture was through its three representatives on the Joint Board. Alexkor SOC therefore just

like the Richtersveld Mining Company had to pursue other interest as they no longer had control or management of the pooled operations.

158. Whatever Alexkor and its Board decided to do in terms of pursuing other interests, is the sole prerogative of Alexkor and its Board. It has no bearing whatsoever on the activities of the PSJV.
159. I was not a party to that decision.

AD PARAGRAPH 32.4

160. No due diligence had been done at that stage however it is so that by the time the due diligence and verification exercise was done, the diamond licence in the name of Daniel Nathan, a director of SSI was to be utilised by SSI. The Diamond Dealers license of Daniel Nathan Trading was submitted with the tender. Daniel Nathan was the sole representative dealing with the PSJV at all times.
161. Diamond licences are typically given to persons so that there is always a person who is held accountable for their activities under that licence at the identified premises.
162. Ms Kellerman vetted the licence issue and raised no red flags. I had no reason to disbelieve this advice by Ms Kellerman. The Board certainly relied on it.
163. Companies can be awarded diamond licences however there will always have to be an actual human being appointed as authorised representative on behalf of a company.
164. I can confirm that the Tender Committee saw nothing untoward in this and the structure was given the all clear.
165. In addition the Diamond Regulator would undoubtedly have conducted more than one inspection per year at the premises of the Tender House operated by SSI. When doing so, the Diamond Dealer licence held by Daniel Nathan and the Diamond Tender House licence held by Daniel Nathan was inspected by the Diamond Regulator. To the best of my knowledge no red flags were ever raised by the Diamond Regulator.

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166. Other companies like Trans Hex for an example applied with the beneficiation license of a different company. With Tender 02/16 a few of the companies applied with an associate company's licences. It was therefore nothing unusual.

167. The Tender Document (instruction) further made provision that Bidders could enter into a joint venture with another company to provide the services.

168. It should also be noted that the bid minimum requirements stated the following :

"All tenderers are required to submit a written Proposal marked as Section B. As a minimum requirement, proposals must demonstrate the Bidders ability to:

(i) Provide all resources including premises, legal entities, including permits and licenses to conduct the business of trading in and/or processing of rough diamonds and/or polished diamonds, technical personnel, administrative personnel and/or financial administration personnel to facilitate the sorting, valuation, transportation, safe custody, secure viewing and insurance of the produce and payment of proceeds from sales,

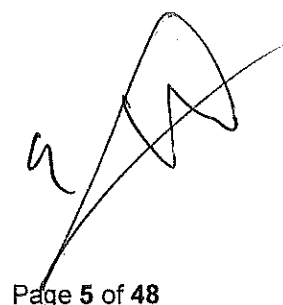
(ii) Implement processes that mitigate any risk of conflicts of interest in terms of achieving maximum pricing for Alexkor RMC JV produce,

(iii) Implement processes that achieve continuous improvements of prices for Alexkor RMC JV produce,

(iv) Originate all funding for capital investments required to implement a Proposal."

169. Provided the bidding company could show the ability to provide the licences, whether it was in association with another company or not, was satisfactory.

170. This is also why a company such as Trans Hex also applied with an associate company's beneficiation license. Diamond Realisation which did not have a beneficiation license proposed that the beneficiation goods be sold to Browns and/or a local beneficiation company. I raise these examples to demonstrate the prevalence of this practice.



AD PARAGRAPH 32.5

171. The Tender Committee comprised Mr Bagus (an Alexkor director and a director of the PSJV), Mr Duncan Korabie (an RMC director and a director of the PSJV) and Dr Roger Paul (also an Alexkor director and a director on the PSJV Board).
172. With all tenders of the PSJV, apart from the mining contracts, only the top three bidding companies would present their proposals to the PSJV Tender Committee, which then selected the top scoring company for recommendation to the Board.
173. The final decision to award tenders of the PSJV vested in the Board of the PSJV.
174. As an aside, I place on record that the only Board members are the Board members provided for in the Court Order and Unanimous Resolution.
175. I was not a Board member. I sat in on Board meetings to provide information and to receive instructions. The Financial Manager, Mr Frederick Strauss and Company Secretary, Raygen Phillips also attended on the same basis. We did not vote as only Board members voted.

AD PARAGRAPH 33

176. As the CEO I sat in on all of the Tender Committee meetings together with Raygen Phillips and can confirm that the Board was most interested in the PME(beneficiation) processing, treatment and beneficiation of the PSJV diamonds. SS1 was the only entity that had access to PME facility. I can also confirm that the other two tenderers failed to address the PME in their proposals and how the PSJV's revenue will be enhanced through the PME, this was an important aspect of the Tender as any of the three companies shortlisted could market and sell the diamonds.
177. The RFP specifically requested a proposal where the revenue of the PSJV would be enhanced not just through the marketing, which was one leg of the scope of the tender but also through PME processing, treatment and beneficiation. Both the other two bidding companies concentrated on the marketing side, which any diamond marketing company could provide. None of the shortlisted bidding companies had a beneficiation license. Joe Gaddie Diamond CC was an associate of SSI and had the factory and employees to assist with the beneficiation.

178. I annex hereto as annexure "MC7" the report by the Audit and Risk Committee ("ARC") of Alexkor which correctly sets out the sequence of events which occurred at the time.

AD PARAGRAPH 34

179. Craythorne is being selective in the information he is presenting. Alexkor never awarded the tender, it was the Board of the PSJV that awarded the tender.

180. He also leaves out significant stages as set out on "MC7", the ARC report.

181. These include the events of 12, 15, 17 and 18 December 2014 as listed on "MC7".

182. The outcome of the due diligence exercised was communicated via email on 29 January 2015. The consideration thereof and subsequent approval of SSI on 27 February 2015 is also left out.


183. Craythorne also left out that Korabie resigned from the Board of the RMC and the Board of the PSJV effective 27 January 2015 and was no longer included in emails between myself and the Board members.

184. I include Korabie's resignation letter as "MC7(a)". The letter does not indicate any unhappiness with the Tender process.

AD PARAGRAPH 34.1 to 34.8

185. Mr Nathan has extensive experience in the industry and as part of SSI that experience is something that SSI at that stage would be able to rely on. Mr Nathan was also the only director and or shareholder of SSI that was involved in the operations. With reference to the licences, the licences were in the name of Daniel Nathan Trading which was in association with Joe Gaddie Diamonds on the beneficiation.

186. There was nothing uncommon about this. Other bidders such as Trans Hex applied with a different company's beneficiation license. E Diamonds also applied with the licences of Anthony Peters Rough Diamond Dealers CC.

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AD PARAGRAPH 35

187. The tender committee believed that the requirements of the Tender had been met. It was on this basis that SSI was recommended.

AD PARAGRAPH 36

188. I can confirm that Ms Zarina Kellerman was indeed Alexkor's Chief Legal Officer.

189. I can confirm that she did indeed conduct a verification exercise and verified that which needed to be verified in respect of SSI. I recall that she presented her report. I had no reason to disbelieve her. In this regard please see annexure "MC6" which was sent by Kellerman as part of the verification process.

190. I, as the CEO of the PSJV, conducted the due diligence exercise and I can confirm that the outcome of my findings in this regard was sent to the Board.

191. In addition, the outcome of annexure "MC6" to my statement filed previously, was also sent to the Board.

192. I have attached copies of the outcome of the due diligence exercise marked "MC5" to my previous statement.

AD PARAGRAPH 37

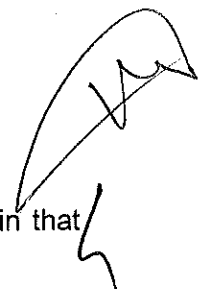
193. Section 217 of the Constitution applies only to State entities and in the public sector. It does not apply to the PSJV which is in the private sector.

AD PARAGRAPH 37.1

194. The Tender notice specifically advised all tenderers that the PME treatment processing and beneficiation was a big part of what the PSJV Board was after.

AD PARAGRAPH 37.2

195. There was significant investment by SSI and the 1.5% handling fee is not unusual in that context. There were other Tender submissions with higher percentages.



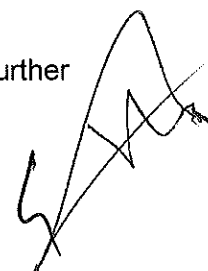
AD PARAGRAPH 38

196. The contents hereof are expressly denied.
197. The appointment of SSI was most definitely not a foregone conclusion as far as I am concerned. If it was part of a conspiracy then I was not included as a co-conspirator and neither was Ms Phillips who has signed a confirmatory affidavit in this regard.
198. I had not met any of the directors of SSI before the RFP 03/14 was published. There was no reason for me to favour SSI or any other bidder. I also had no influence over Board Members in taking decisions regarding any of the PSJV's tenders.
199. From my vantage point, the process was fair, transparent and equitable to all those who submitted bids.

AD PARAGRAPH 39

200. It is so that Gobodo had lots to say about the RFP 03/14, however their findings are made off an erroneous base which has misguided their investigation.
201. There is a fundamental lack of understanding of how the diamond industry operates on the part of the Gobodo investigators. An example of this is the long discussion of the various indices and how the sales achieved by the PSJV is consistently less than that indicated by the indices. Craythorne also referred in his testimony before the Commission to the indices as actual international prices, which is a total misdirection (Zimnisky and Bloomberg).
202. I annex hereto marked "MC8" a report commissioned by the PSJV from the internationally respected Mr James Alan in which he sets out the real state of affairs. I would urge this Commission to have regard to its contents which I submit are reliable, persuasive and correct.
203. The PSJV is furthermore a very small player in the world index and as such our ability to command those prices is largely negated. Where the industry produces millions of rough diamond carats every year, the PSJV's production is between 45 000 to 60 000 per annum which is not even 0.5% of the worlds production. The global diamond mining industry is largely dominated by a hand-full of companies. The top three companies are Alrosa from Russia, De Beers and Rio Tinto which cumulatively account for more than 60% of global diamond mine production worldwide.

204. The PSJV's prices are determined on a willing buyer-willing seller scenario and under those circumstances where the PSJV is in essence a price taker, which means that the PSJV diamonds are sold to the highest bidder, the value is entirely determined by the tender process. This has been in place since the establishment of the PSJV as well as when Alexkor was still in control of the diamond marketing and sales.
205. What I mean from this submission is that, for example, De Beers will purchase and produce diamonds from a variety of sources. De Beers will then offer those stones for sale at a specified price. This is referred to as the Reserve Price. If they do not achieve those sales, they remove the stones from the market and retain the stones for sale at a later date so that De Beers are able to achieve their reserve price.
206. Although I am uncertain of exactly what De Beers currently has stored as part of its stock on hand, it is rumoured to be several hundreds of thousands of carats that is in storage under lock and key.
207. De Beers and the other two big companies are accordingly price setters in the industry as they have the financial means to withdraw their stones from the sale house due to the fact that the stones have not fetched the reserve price set by De Beers.
208. The PSJV on the other hand via the tender process takes the prices that are set via that tender process. The PSJV must sell. It needs the money.
209. Since my departure from the PSJV (I was unfairly dismissed and am challenging my dismissal having already succeeded with the challenge to my suspension), I have learnt that the PSJV have decided to proceed with a price setting (reserve price) model to dispose of the stones.
210. From what I understand, the PSJV was not able to achieve the reserve price set by them and they were then forced to withdraw the stones. The stones were then offered for sale at another diamond dealer, Kruger Diamond Traders, where once again the stones have not and is never likely to achieve the high reserve price determined by the PSJV.
211. The storage of the stones under those circumstances becomes both precarious and a further financial drain on the PSJV due to the security demanded to keep the stones safe.



212. It was for this reason that the PSJV Board proceeded with the price taking model. The PSJV simply does not have the financial muscle to compete on a similar basis with the likes of De Beers. The PSJV Board agreed to conduct open tender sales and reserved the right for closed tender sales but never reached a stage where the closed tender could be considered more viable. SSI agreed to both open and closed tender sales processes.
213. Furthermore De Beers could at any stage simply flood the market by taking a percentage of the diamonds held by them in storage and offering it for sale at a lower price. This will destroy small competitors such as the PSJV and all other smaller producers.
214. Mr Craythorne also goes on to discuss the model adopted by the Zimbabwean diamond producers.
215. First and foremost those diamond producers are completely unregulated. Secondly, certain of the personnel used on those mines are also rumoured to be slaves who are forced to mine. Thirdly, none of the legitimate and recognised buyers of diamonds attend to purchasing diamonds in Zimbabwe.
216. The Zimbabwe experience falls outside of the Kimberley process which all legitimate diamond producers adhere to.
217. In essence the Zimbabwe experience is equivalent to blood diamonds as it is completely unregulated and is rumoured to be subject to numerous human rights violations and abuses.
218. I annex hereto marked "MC9", a copy of an article in the Mail & Guardian of 31 January 2021 which highlights several abuses.
219. The suggestion by Mr Craythorne in this regard is extremely offensive.
220. As I will demonstrate when I answer the allegations levelled against me by Mr Torres, it is clear that he ignored relevant information which tended to place me in a positive light and which demonstrated the ulterior motives of the main complainant, Mr Craythorne.
221. Gobodo's fundamental lack of understanding of what falls within the public sector and what does not, ultimately lies at the heart of many of their erroneous findings and/or recommendations.

222. I furthermore point out that I had no opportunity to reply to the Gobodo report at any stage.

223. I relish the opportunity provided to me during these proceedings.

224. Needless to say, I disagree with the contents of paragraph 39 especially in so far as it concerns any findings made by Gobodo.

AD PARAGRAPH 41

225. The majority of these complaints emanated from Mr Craythorne or his proxies.

AD PARAGRAPH 42

226. What Mr Craythorne ignores is the fact that the then "Whites' Only" mining company, Alexkor, since 1928 has been mining in the area and extracting minerals. It is now anticipated that the current lifespan of the marine mining operations is no more than between 10 and 20 years.

227. The mine itself is almost 100 years old.

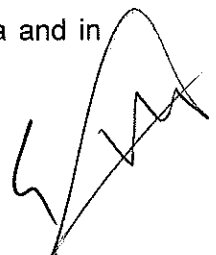
228. The value extraction over this period in the areas currently being mined, has been tremendous.

229. What is needed for the survival of the mine is exploration into deeper waters to take advantage of the alluvial deposits there. In this regard I can but only refer to the independent report produced by Mr James Alan dated 29 May 2019, "MC8" hereto.

230. The report appears as annexure "GC40" to Craythorne's affidavit.

231. The report was commissioned by the PSJV Board.

232. For the reasons set out in Mr Alan's report which focuses on the fact that the area has been continuously mined since 1928, it is unsurprising that there has been a declining return for all concerned in the PSJV. Without money to conduct further exploration in the area and in deeper waters, the fortunes of the mine will continue to decline.

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AD PARAGRAPH 45.3

233. To the best of my knowledge and belief, Raygen Phillips holds no interest in SSI. I further point out that the information contained in paragraph 45.3 is hearsay and no weight should be attached to its contents. Ms Phillips has signed a confirmatory affidavit in this regard.

AD PARAGRAPH 48, IN PARTICULAR 48.4

234. I deny that I am involved in State capture or that I am a known Gupta associate.

235. Those persons whose name appears on the list may or may not have links with the Gupta family, I however have no personal knowledge of any of them having links with the Gupta family. I am most certainly not one of them.

236. All the media reports where I have been linked to either the Guptas or White Monopoly Capital has one source, Mr Craythorne.

237. It was the decision of the PSJV Board to award the tender.

AD PARAGRAPH 52

238. I can confirm that I was a previous Executive Director of Trans Hex and that Trans Hex was most certainly interested in procuring whatever marine mining rights was available.

239. Whilst I cannot deny that I, in my capacity as CEO, attended meetings on 15 January 2015 and 22 January 2015, I did so in my capacity as CEO and there is nothing untoward or sinister about my attendance in this regard. I attended all the Committee and Board meetings throughout my tenure at the PSJV.

AD PARAGRAPH 61

240. I bear no knowledge of the contents hereof as I have never been involved in any Alexkor SOC procurement processes.

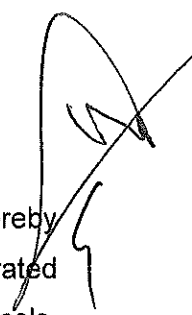
AD PARAGRAPHS 62 AND 63

241. Inasmuch as SSI was appointed during the period when I was the CEO, I deny that the tender process was biased or that it involved Gupta-linked individuals. If there were individuals linked to the Gupta family, this was certainly not known to me. To the best of my knowledge this was also not known to the PSJV Board.
242. If there was a conspiracy I was not a part of it and neither was Ms Phillips.
243. With regard to paragraph 63, there has always been a marketing and sales company to exclusively promote the diamonds recovered by the PSJV and prior to the PSJV, Alexkor. SSI was not the first company appointed for the marketing and sale of diamonds. During my tenure at the PSJV there had been three companies at different time periods who exclusively conducted the marketing and sales on behalf of the PSJV.
244. When I was eventually appointed to the position there was such a marketing and sales company.
245. With regard to the "self-selling quality" of the PSJV diamonds, I refer to the report by Mr James Alan, "GJC40" to the affidavit of Craythorne in particular the following which is set out on page 2 of his report.

"Small producers like Alexkor/RMC PSJV are "price takers" relying on a market driven by a willing buyer willing seller scenario. Notably every diamond produced is different and unique and regardless of quality there is no daily international benchmark and trading system for diamonds as for example with gold, silver, base metals and other commodities traded internationally.

Selling of the relatively small but good quality production parcels mined and marketed by the Alexkor RMC PSJV via an off-take agreement with a single buyer/buyers is unlikely to provide a more cost effective process nor achieve higher prices and would expose the PSJV to price manipulation and allegations of collusion and corruption."

246. The PSJV diamonds are sold via a competitive Tender or public auction process whereby diamond buyers from all over the world (up to 80 at a time) attend professionally operated Tender or Auction sales where they are able to view the goods under strict security protocols,



and then bid on the specific parcels of diamonds that are grouped together. It is an open tender process.

247. Diamonds are always sold to the highest bidder with prices dictated and set by the buyers participating in the tender or auction. The Tender or auction house simply provides a platform to facilitate these sales and assists the client, in this case the PSJV to set agreed reserve prices for the goods being sold. On successful conclusion of the Auction sale the Auction house receives a fee of between 1.5% and 4% for services provided in facilitating the sale. It is therefore in the interest of the Tender House to achieve the highest prices.
248. The sale of small parcels of good quality rough diamonds as undertaken by the PSJV is a common, well established, and widely used process by small and medium sized diamond producers, including for example Petra Diamonds, Trans Hex, BlueRock Diamonds and Diamcore Mining who all operate in South Africa, Lucara Diamonds (Botswana), Lucapa Diamonds (Angola and Lesotho), Gem Diamonds (Lesotho), and others. Several diamond Tender or Auctions houses operate in Kimberley, Wolmaranstad, and Johannesburg (RSA), Dubai (UAE), and Antwerp (Belgium).
249. I also annex hereto marked "MC10" a copy of an article written by Mr James Alan in the Mining Weekly. In his report Alan makes reference to the erroneous statement that was made in the Gobodo Report (and elsewhere by Craythorne) in respect of comparisons made between the actual Dollar per carat prices achieved on the PSJV tender or auction sales, as compared with the Zimnisky and Bloomberg long term diamond sales indices, which they (Gobodo) show as prices in their various tables.
250. An index is an index, not a price, and the details for the construction of his diamond indexes and disclaimer by Zimnisky included below should be scrutinised and noted in this respect. Significantly, the diamond production from the PSJV is unique in terms of both its alluvial (secondary) origin, size distribution of the diamonds and quality. By comparison the Zimnisky and Bloomberg Indexes which purport to reflect global diamond production market trends are based almost exclusively on kimberlite mine goods, bearing in mind that about 96% of world diamond production is from kimberlite (primary) hard rock sources. Hence comparison of the two distinct diamond types which in the industry as populations is misleading and erroneous. I annex Zimnisky's Report marked "MC11" and direct attention to the following extract:

"Please note, the value of the Index is not meant to reflect the average price per carat of a diamond, instead the current Index value represents the percentage change in the price of rough diamonds from the initial Index value set at 100 on December 31, 2007. The Index exclusively tracks natural diamond prices and thus does not include man-made diamond price data." (Paul Zimmisky 2020)."

251. In any event the actual realised prices, or averages of the sales prices achieved, in Dollar per carat terms is driven by a robust tender or Auction sale process. Realised prices fluctuate according to market conditions and dynamics. Like all luxury commodities, rough diamond prices will show variability according to market weakness or strength. The PSJV diamonds are sold to the highest bidder and lower than expected prices achieved by the PSJV does not mean that somehow a loss has been incurred.
252. In summary the comparison of prices (or average prices) achieved for the PSJV diamonds, with the Zimmisky and Bloomberg Indices is not a like for like exercise.

AD PARAGRAPHS 64 TO 73.1

253. Ms Kellerman, the Chief Legal Advisor to Alexkor, did verify the licence holding and advised that the structure, such as it was, was lawful and that the appointment of SSI under those circumstances was permissible. I had no reason to disbelieve this advice and neither did Ms Phillips.
254. I can confirm that to the best of my knowledge and belief, Mr Daniel Nathan at all times was the only functionary of SSI that the PSJV have ever dealt with.

AD PARAGRAPHS 74 TO 76

255. It is so that Justice Simela did issue a judgment.
256. What Craythorne neglected to inform the Commission is that judgment went on appeal and accordingly the appeal suspended the whole of the Simela judgment.
257. Before the finalisation of the appeal, the matter eventually resolved itself with an application by Alexkor SOC in the Northern Cape High Court for the Court to appoint independent representatives on the Joint Board on behalf of the RMC, which Order was eventually granted.

As such, new RMC representatives were appointed pursuant to a Court Order under Northern Cape High Court case number : 946/16, a copy of both orders are annexed hereto as "MC11A" and "MC11B".

258. Under the circumstances the PSJV Board now at the very least comprises of 3 RMC representative and no representatives from the Alexkor's side other than the current CEO of Alexkor, which is irregular.
259. For the same reasons that Mr Craig Matthews (a previous PSJV Board Member) also involved in litigation was not permitted in terms of the provisions of the Unanimous Resolution to be the sole representative of the RMC on the Board of the PSJV, the same reasoning must apply to exclude the one Alexkor director to act alone on the Board of the PSJV as is currently the case.

AD PARAGRAPH 77.1

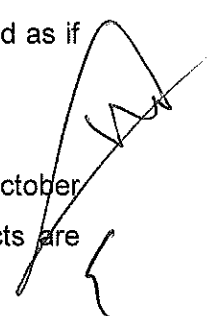
260. I deny that there were any efforts to insert SSI into the PSJV diamond value chain and that their inclusion in the Tender amounts to State Capture. We were not familiar with SSI or any of its shareholders before the tender.
261. If this was indeed a conspiracy, neither I nor Ms Raygen Phillips were a part of it.

AD PARAGRAPH 78 in its entirety

262. Denied.

AD PARAGRAPHS 79 TO 84

263. Ms Phillips has dealt extensively with what transpired since 10 October 2017 in her affidavit submitted to the Commission on 27 January 2021 in response to a request for further information. For reasons of prolixity I have not annexed it here. I however associate myself completely with what she has stated therein and ask that the contents thereof be read as if specifically incorporated herein.
264. It is correct that an email was received by Ms Phillips from Mr Craythorne dated 9 October 2017. Her reply is set out in paragraph 82 of Craythorne's affidavit, which extracts are



annexed to her affidavit as "RG9" thereto in essence reminding Mr Craythorne that the PSJV is responsible for diamond sales and diamond pricing trends.

265. You will note that in paragraph 81 of his affidavit, Mr Craythorne directs his queries to Alexkor Diamond Production, not the PSJV.
266. Ms Phillips in her affidavit of 27 January 2021 also goes on to record that the PSJV declined to provide information of any service provider to third parties.
267. Mr Craythorne during my time at the PSJV was not a contractor as the marine mining contracts had been placed in the name of his daughter and two persons of colour one of whom works in his home.
268. It is correct that at paragraph 83 of his affidavit, Mr Craythorne produced the email recorded therein.
269. You will however note that most of the queries pertaining to SSI is covered by Ms Phillips' response as set out by Craythorne in paragraph 82, that the PSJV cannot provide information of a service provider to third parties.
270. The queries raised by Mr Craythorne therein were accordingly not replied to. I recall seeing the letter and submitting the letter to the Board for consideration as to whether or not a reply was warranted. I recall their decision was to refer the whole incident since 11 October 2017 to the PSJV's legal team who wrote a letter dated 18 October 2017 of which a copy was attached to Ms Phillips affidavit of 27 January 2021.
271. Mr Craythorne's email contained a number of conclusions which were unsupported by any of the processes within the mine including the State Diamond Trade mandates and a host of other irrelevant considerations on employees and contractors that were simply not relevant to him.

AD PARAGRAPH 85

272. It is correct that concerns were raised about alleged declining prices for diamonds however that had nothing to do with the refusal to renew four sea mining contracts for four marine contractors who were responsible for defaming the PSJV Board and Management and undermining their authority in that space. There are ample records, of which I will provide

the Commission with on request of the systematic breakdown of the relationship. Ms Phillips has touched on some of these in her affidavit. There are hundreds of other emails and publications by Mr Craythorne which lead to the breakdown. Mr Craythorne is very selective of the information he provided to the Commission. These accusations of price fixing, corruption and fraud have been levelled against former boards and managements, it is the same story just different characters. As examples, I annex hereto two documents, marked "MC12" and "MC13". "MC12" was co-signed by Craythorne and "MC13" is a forerunner to the EAC. The same or similar complaints are raised therein.

AD PARAGRAPH 86

273. I fail to understand the connection between Mr Moodley's implication in State Capture and the restoration of these contracts.
274. My own recollection is that the decision was made by the PSJV Board pursuant to a meeting between Mr Wayne Cook, one of the contractors whose contract was not renewed and Mr Trevern Haasbroek. A second meeting was set up between the contractors, the Alexkor management and board members.
275. Mr Haasbroek contacted me after this meeting and requested that Management resolve the issues with the contractors and that an undertaking be given by these contractors to stop with the personal attacks. Management agreed and the Board at a special board meeting on 13 March 2019 resolved that the four companies be awarded Shallow Water Marine Mining contracts. This decision by the Board had absolutely nothing to do with Mr Moodley.
276. Copies of the Board meeting minutes are confidential documents of the PSJV. It is no longer under my control and must be obtained directly from the PSJV.
277. I also wish to point out that at the time Ocean Diggers CC was owned not by Mr Craythorne but by his daughter and two other women of colour, one of whom is currently still employed in his home as an employee. Over the years, Craythorne has earned millions of rands.
278. I pause to explain the irony of Mr Craythorne's statements about the PSJV being PFMA compliant. After the contracts of the EAC members were not renewed during 2017, several attempts were made by the EAC to liaise with the Alexkor Management and Board for the PSJV Board to appoint them as contractors.

279. After these meetings and without any process and/or competitive bidding taken place the PSJV Board resolved at the Special Board Meeting of 13 March 2019 to award the 4 Shallow Water Marine Mining Contracts to the EAC members, of which Mr Craythorne's daughter's company Ocean Diggers was one of the companies. The EAC members entered into these agreements without objecting to the lack of process or that there was any contravention of Section 217 of the Constitution.
280. Prior to 2019, and since the establishment of the PSJV, the PSJV awarded Ocean Diggers CC contracts where the procurement process was not in accordance with the PFMA and or Treasury Regulations, but rather in accordance with Clause 12 of the Unanimous Resolution. Between 2011 and 2018 the PSJV paid to Ocean Diggers CC about R37.5 million.
281. If Mr Craythorne's arguments are valid the effect would be that the Ocean Diggers CC Shallow Water Marine Mining Agreement and all other Mining Agreements where the PSJV has paid more than a billion rand to contractors, were irregularly awarded.
282. Neither Mr Craythorne or the EAC whose members also made millions of rand out of these contracts, ever objected that they were awarded contracts that did not comply with PFMA and or Treasury Regulations and or section 217 of the Constitution.

AD PARAGRAPH 87

283. With regard to the contents hereof these are expressly denied. There are several bases on which I deny the contents thereof.
284. Firstly Marine Miners do have a voice. Each Marine Miner is treated as an individual contract holder.
285. Ms Phillips and the rest of the Executive Management spent hours meeting with each contractor. In fact, the majority of her time was spent meeting with individual mining contractors who wished to raise their concerns.
286. It was then her duty to collate those concerns and present it firstly to the PSJV management and where these were considered credible, to the PSJV Board.
287. The consultations were exhaustive and ongoing.

288. The second area of my denial is to deny that there has been any persistent under valuation of diamonds or the wholesale theft of marine diamonds or that the South African taxpayers and the Richtersveld community are not being protected. These allegations are expressly denied.

AD PARAGRAPH 88 TO 118

289. The value extraction process of the PSJV diamonds involves a revenue split between the contractor and the PSJV.

290. From 2007 to 2012 when Alexkor was operating the mine, contractors were paid R515 million whilst Alexkor received R417 million. From 2013 to 2019 after the PSJV was formed, R1.75 billion was paid to contractors whilst the PSJV received R1.1 billion. A significant increase in revenue for contractors since 2013 and over the period of SSI's appointment.

291. The marine assets are divided into different areas. Depending on the proximity of those areas to the coastline and the anticipated size of the capital investment as a result thereof, the mining contractor would receive anywhere between 75% and 48% of the revenue of the achieved sales.

292. Schedule 6 of annexure "GC35" to Mr Craythorne's affidavit sets out a table for that revenue split.

293. A typical example is 3.1 on Schedule 6 which provides a 52% to 48% revenue split with the contractor receiving 48%.

294. However compared to 3.3 where the contractor would receive 70% of the revenue and in the far South at paragraph 3.5, the contractor would receive 75% of the revenue.

295. The reason for these differences in the percentage split is linked to the area in which the contractor operates and the yield of the diamonds produced from that area. The size of the diamonds produced from the South to Far South area which are small and of lower value, the increased operational cost to mine South and Far South as well as the capital investment required.

296. Furthermore, given the capital intensive nature of the various areas to be mined, there is a further differentiation arising from that process.



297. It is substantially cheaper for contractors operating in shallow waters in the North and also the yield of diamonds in those areas are substantially better than in the far South.
298. Land based contractors also achieve a 20/80 split with 80% going back to the contractor as it is far more capital intensive as well as labour intensive.
299. The land based mining is also a lot more costly than marine based mining.
300. I pause to explain that since my arrival and even before my time at the PSJV there were an unhappiness from Mr Craythorne and the EAC on the revenue split between the contractors and the Mine and they have attempted to get the revenue split changed.
301. In this regard, I annex hereto marked "MC14", a self-serving report where Craythorne seeks to partner with Alexkor bypassing the community's right of first refusal and proposing a partnership directly with Alexkor. It is noteworthy that one of his partners is the previous CEO of Alexkor, Mzamani Mdaka. Craythorne, via the Contractor Representative Body ("CRB"), was engaged in similar tactics currently employed by the EAC. Craythorne also ended up complaining about his treatment and started to attack the integrity of the management and the PSJV Board at the time.
302. What Mr Craythorne and his group wants to achieve is to contract directly with Alexkor to take over the operations of the PSJV, change the revenue split which will see the contractors receiving 85% of the achieved sales with only 10% going back to Alexkor and 5% to the Richtersveld Community.
303. Annexed hereto marked "MC15", "MC16" and "MC17" shows this.
304. They basically want to take over the role of the PSJV and control and manage the marine assets. This has already been set out in Ms Phillips affidavit of 27 January 2021. It is impossible for the EAC to achieve as there are only two ways in which Alexkor or the RMC could terminate in terms of clause 19 of the Unanimous Resolution.
305. Further to this, should Alexkor want to sell its assets, Alexkor must give the Richtersveld Community the right of first refusal. The sad effect of Mr Craythorne's attacks on the PSJV and negative media publicity about the Mine will make it difficult for the Richtersveld

Community to get proper business partners when they want to exercise the call option in terms of the Unanimous Resolution to buy Alexkor's interest in the PSJV.

306. I point out that these plans of the EAC and any other groups is to the detriment of the Richtersveld Community and the execution thereof is impossible as the proposal is in contravention of the provisions of the Deed of Settlement and the Unanimous Resolution.

307. With the PSJV in place the split is a lot fairer and ensures that there are better returns for the PSJV.

308. This is at the heart of the difficulties which Mr Craythorne and the EAC or their other groupings, the latest being the Marine Artisanal Miners ("MAM"), with the PSJV. The EAC recently changed to operate under the name of the Marine Artisanal Miners as they gave the following undertaking as part of the Shallow Water Marine Mining Agreements :

14.1 The Contractor acting on its own, through its employees or through the Equitable Access Campaign undertake to refrain from making any defamatory statements against the Boards and Managements of Alexkor and the PSJV;

14.2 The Contractor acting on its own, through its employees or through the Equitable Access Campaign should directly or indirectly refrain from using social media for furthering disputes, complaints and allege wrongdoing without following or adhering to the conditions of the contractual processes;"

309. The MAM was formed to get round these undertakings so that Craythorne could continue with his unlawful defamation. Craythorne and the EAC (now MAM) is accordingly motivated to oust the PSJV and to instead contract directly with Alexkor on the basis that they will retain 85% of the production and the value achieved through sales.

310. Once the gravel off the sea bed is extracted and bagged, it is then sent to a processing plant which is a state of the art processing plant.

311. Each mining contractor's gravel is sifted through carefully and separately from the other mining contractors to avoid any contamination. Each stage is monitored by the contractor concerned or a chosen representative.

312. The bags of gravel are loaded into the receiving bins in front of the mining contractor.

313. The gravel is then, via a conveyor belt, subjected to a number of screening processes. This separates the heavier gravel from the sand and other impurities. The heavier materials (concentrate) are then manually sorted. The manual sorting room is managed by a trained professional. There is no physical human contact during the sorting process described above:
- 313.1 The miner has 2 persons who sorts the gravel in the final stage;
- 313.2 Next to these 2 miner appointed persons is 1 professional full-time sorter employed by the PSJV;
- 313.3 The gravel is on a conveyor belt and passes the 2 persons appointed by the miner first;
- 313.4 The conveyor belt is enclosed by a Glove Box;
- 313.5 The tools for sorting (tweezers, etc.) are all in the Glove Box;
- 313.6 At this final stage, no skin contact is made with the gravel. All contact is via gloved hands.
314. The only contact is via a glove box which is under camera and under lights.
315. The manual sorting process involves the extraction of what appears to be diamonds by the two representatives of the contractors. There is one representative of the PSJV (sorter) who at the end of that process goes through everything once again to double check if there are any other alluvial diamonds which were not noticed by the two representatives of the contractors. Everything is then dropped in a container and sent to the weighing room in the sort house where it is weighed in by the Sort house co-ordinator in the presence of the contractor representative and a security officer.
316. The purpose of weighing the diamonds is to determine what its carats are which then forms part of the catalogue for that particular mining contractor. I annex hereto marked "MC18", an extract from the report of James Alan, GC40 to the affidavit of Craythorne. It is a flowchart.

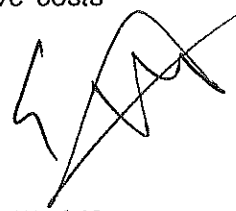


317. At every single stage of the flowchart, diamond contractors are able to observe their gravel being processed. They also do the sorting and are present when the diamonds are then eventually catalogued.
318. The contractor and the sorter both sign the batch processing book, what is generally referred to as the "inweegboekie" confirming the number of diamonds and weight of each diamond that was weighed in after the sorting process (carats).
319. The PSJV has a copy of the batch processing book and the Contractor keep his book. The diamonds are placed in a sealed envelope and dispatched to a time locked safe.
320. Management, Finance and Operations receive a daily production report that includes the daily production, production for the period under review for every contractor as well as the YTD information of how far the PSJV's annual production is vs budget, the report include the special stones(diamond with a weight of 6.8 carats and above) in the current production and from which contractor and area. At the end of the production cycle and based on the preliminary valuation by the head of Sorthouse, the Finance Department is then in a position to determine the preliminary revenue for the Sale. The Finance Department issue a carat statement to each contractor before the sale is concluded, again stipulating the number of diamonds and carats produced by the Contractor as well as the revenue split applicable to the production.
321. If there are any discrepancies between the Contractors batch processing book and the carat statement, the contractors liaise with the Finance Department to sort out the discrepancies before what is generally referred to as the brokernote (tax invoice) is issued to the contractor and revenue split payment in terms of Schedule 6 of the Mining Contracts is made.
322. Each contractor's production is reconciled back to the area where they have mined to determine the revenue split in terms of Schedule 6. The brokernotes are issued after the Tender is concluded.
323. Approximately eight times per year, that which has been recovered from the marine mining operations as well as the land mining operations, is then transported via air to the Tender House in Johannesburg with strict security protocols.

324. That process is a secure process and at every single stage the security services manager of the PSJV as well as an external security services contractor observes the safe passage of the diamonds from the PSJV mine to the Tender House in Johannesburg.
325. Once in Johannesburg, nothing is opened until all the representatives are present. The role-players in this regard are first and foremost, Mr Daniel Nathan, the security services manager of PSJV as well as the PSJV representative who is also the manager of the sort house and an authorised representative of the PSJV in terms of the Diamond Act.
326. The catalogue of diamonds is compared to that which was despatched.
327. Prior to despatching the diamonds, the diamonds are weighed at the mine. The diamonds are sorted at the mine based on the 4C's (i.e colour, clarity, carats and cut). This was explained in an email by Ms Adams, the Sorthouse Manager, to Gobodo as part of their investigation. The mining contractors' diamonds are properly recorded so that proper payment and source documents can be reconciled when the contractors are paid. I annex hereto as "MC19" Ms Adams' email to Gobodo in which she attached an Excel spreadsheet to the valuation prior to sale number 265 as an example. Two versions of the Excel document is attached. One is a single page and the print is very small. The other is the same information over 2 pages instead of one.
328. It is a well scrutinised and well observed process which has been in place for many years.
329. There are CCTV cameras to record every single stage.
330. The CCTV operators are employees of an independent security company. This is the process in the sorting house, at the mine and at the Tender House. It has been a process that has been in place since before I joined the PSJV as an employee.
331. The diamonds and they are valued in terms of the 4C's and the carats are recorded prior to them being cleaned and boiled in acid in Johannesburg. Thereafter the weight of the diamonds are recorded after cleaning. The 4C's are used again to assign a preliminary value to the diamonds.
332. The cleaning process is very important as it removes all dirt from the surface of the diamond in preparation for the eventual sale. Prior to the sale, up to 80 different diamond traders will attend at the Tender House to view the diamonds.

333. The diamonds will then be sold at a silent auction via an auction platform known as the Fantasy System.
334. After inspecting the diamonds, the diamond buyers will then return to wherever their computers are and submit a silent bid electronically after logging on to the Fantasy System with their unique log in details.
335. The diamonds are then allocated to the highest bidders. The buyers pay for and collect their diamonds. The details of the highest bidders for every sale is available at the mine. It is not under my control but should be made available to the Commission's investigators
336. The details of every single buyer is available at the mine, what the bid was, on which parcel they bid and who won the bid.
337. The Commission's investigators should be able to access this information to discern any pattern of wrongdoing, if any.
338. Contractors are then paid in terms of the revenue split with the PSJV and according to the broker notes issued to them before payments.
339. The tender process is normally conducted over a period of one week.
340. I annex hereto marked "MC20" a copy of a report by one of the marine mining contractors, Mr Louis Kotze and highlight the following from his report. I point out that the report is dated 18 September 2020 which is after my summary dismissal.
341. Secondly I point out that Mr Louis Kotze was nominated by the mining contractors to observe the process and report back to them. On the first page of his report at the 8th paragraph he sets out the following:

"From 1 October we will be using a different platform, the Diamond Exchange and Evaluations Centre known as DEEC. We will use them because it is a government institution and there will be no commission charged, only the administrative costs which is estimated at 1.8% to 2%.



342. Firstly the DEEC is an acronym for the Diamond Exchange and Export Centre. At paragraph 9 Kotze goes on to report that the average commission at the Tender House is 1.5% and includes all security, marketing, evaluation, deep boiling, parcelling, opening and checking top bids, letting buyers know and arranging payments.

343. Over the page of his report at the 9th paragraph, the following is set out:

"The Alexkor tender is a well-known, professional-run tender and there is never a shortage of buyers who want to attend. If you look at the revenue generated since Tender 279, it is obvious that there are very serious and strong buyers that attend our tender regularly. Before we take our parcel to a new venue, we must at least send some professionals to do an inspection of the available options to determine if we will be able to keep our good record as a serious player in the industry intact, and attract at least some of our current buyers as well as new serious buyers. We cannot lose consistent buyers because the tender was not properly advertised, or the presentation was not professional, or it is at a venue not regularly attended by hundreds of buyers. We can try to improve every time, but we cannot present our goods in a way and at a platform that will erode our current buyer base and change our professional conduct. As a professional mining company, we must do what the industry and our competitors are doing, and that is to market our goods at a professional Tender House with good facilities and infrastructure, is safe, well known and with a reputation for consistent strong prices."

344. The above, I submit, is a vindication of the process adopted by the PSJV Board during my tenure. SSI, as the operator of the Tender House, is responsible for attracting high quality buyers from all of the world to attend the auctions. The PSJV's diamonds are only sold to buyers with local diamond licenses.

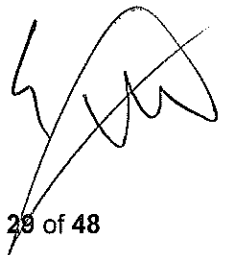
345. The use of SSI in this regard is a success.

346. The DEEC on the other hand is not a desired platform for the sale of PSJV diamonds.

347. The previous PSJV Board made a strategic decision to move away from the DEEC and instead move the sale platform to the professionally run Tender House operated by SSI. SSI, via their marketing, had (the contract with SSI has since been terminated) given undoubtedly

Mr Daniel Nathan's reputation in the industry as a diamond trader over many, many decades, is able to attract the highest quality buyers who are willing to pay the highest prices.

348. From my experience in the industry I can confirm that the SSI Tender House is more professional and represents the best opportunity for the PSJV diamonds when compared to the DEEC. In my more than 30 years in the industry, I have yet to come across a more professionally run operation in South Africa than that which was run by SSI.
349. As a result of Daniel Nathan's sterling reputation in the industry, he is able to attract high quality buyers and accordingly achieve much better sale prices for the PSJV diamonds. I annex hereto an email exchange received from Mr E Blom of Ernest Blom Diamonds (Pty) Ltd who was a previous Chairperson of World Federation of Diamond Bourses, marked "MC21" *inter alia* setting out his support for Daniel Nathan.
350. The Diamond Regulator, who regulates Diamond Dealing Licences, had approved the arrangement with Daniel Nathan and SSI as the Regulator did not object thereto and was aware of the Licencing arrangement between Daniel Nathan and SSI.
351. At the end of the day diamond buyers do not have to buy the PSJV diamonds.
352. By attracting large quantities of high quality buyers SSI is able to create competition amongst the buyers as to their anticipated valuation of the various parcels. The fact that only alluvial diamonds are sold is also a factor in the marketing of SSI.
353. There are a few high quality buyers, most of which attend the Tender House auctions. The buyers' perception of the value of the stones ultimately drives the prices higher. The DEEC methodology also uses a silent auction method. From what I understand the process currently is that the PSJV has decided to use the DEEC with a very high reserve price for the diamonds.
354. The DEEC currently attracts less high quality buyers
355. Accordingly there is less competition and unsurprisingly, to the best of my knowledge there has not been many sales achieved due to the high reserve prices.



356. Currently, with the high reserve price, the PSJV then withdraws those diamonds for sale at the DEEC and then offers them for sale at Kruger Diamond Traders, also a private Tender House.
357. Kruger Diamond Traders, to the best of my knowledge has not been appointed via a tender process at all regardless of whether such a tender process is under the PFMA or not. I make this point as I view it as one of the greatest ironies in this matter.
358. Be that as it may and despite the non-competitive nature of their appointment, Kruger is the ultimate preferred Tender House for the sale of the PSJV diamonds. In the industry Kruger has not been able to attract the same high-quality buyers as other tender houses and in particular the SSI Tender House.

AD PARAGRAPH 91 OF CRAYTHORNE'S AFFIDAVIT (*This paragraph is replied to out of the sequence as the topic is different*)

359. First and foremost the State Diamond Trade ("SDT") does not select the best of the rough diamonds.
360. Historically and as a matter of practice, the SDT chooses diamonds below the 6.8 carat range. This is to the sole benefit of the PSJV and before the PSJV, to Alexkor as the higher value of the diamonds produced has always been with the single stones(6.8 carats and above). This practice has been in place before I arrived at the PSJV.
361. There is also a process of negotiation to determine the prices paid by the SDT. The best diamonds are typically reserved for the auction to drive up the higher average sales price. The final selling price for the SDT is only determined once the Government Diamond Valuator (GDV) has confirmed that the price is at fair market value. I annex hereto, examples is examples of the SDT certificate as well as the certificate issued by the GDV, marked "MC22" and "MC23". All the certificates since the establishment of the SDT is available at the PSJV and can be requested by the Commission's investigators.
362. With regard to paragraph 91.2 of Craythorne's affidavit, during my tenure as the CEO of the PSJV I can confirm that it is the practice of Mr Daniel Nathan to choose diamonds from a particular parcel in such a way that it will not "hurt" the overall sale price of that particular parcel. It is also open to the PSJV representative who is present when Mr Daniel Nathan

makes the selection as well as the contractor representative to challenge the selection by Mr Daniel Nathan although this frequently has not happened.

363. I further point out that in any event, were Mr Daniel Nathan to only choose the best of the best diamonds, ultimately those diamonds would be beneficiated and PSJV would earn additional income.
364. Furthermore, the diamonds selected by Mr Daniel Nathan for ultimate beneficiation is sold to him at the highest selling price for that particular parcel from which it was selected.
15. All revenue on the beneficiation goods is additional to the highest selling price the PSJV receives.
16. As such the diamonds selected for beneficiation is sold for no less than what the parcel sold for.
365. Furthermore there is an upside gain for the PSJV which will share in 30% of the gross profit. In addition, Mr Daniel Nathan pays in full for the diamonds selected upfront. The rest of the diamonds are then sold in the tender process. Typically only 2% of the diamonds supplied to SSI has been selected for ultimate beneficiation and not 5% as the selection of the full 5% as is the right of Mr Daniel Nathan in terms of his agreement. This is because the PSJV produced lower quantity of carats than was anticipated at the time of the tender.

AD PARAGRAPH 100 TO 103 OF CRAYTHORNE'S AFFIDAVIT (*also out of the sequence*)

366. The process of the valuation at the Mine has been in place long before my appointment to the PSJV. Craythorne's statements is based on the Gobodo Report, which at this point in time has been shown to be inaccurate on the basis that they ignored evidence provided to them by the PSJV. Craythorne has no personal knowledge on the valuations at the Mine and or valuations at the Tender House. All his statements is based in hearsay evidence. The SDT process also predates my appointment.
367. This process was explained to Gobodo by Michelle Adams, the PSJV's valuer and Sorthouse co-ordinator who is experienced and qualified to conduct valuations. The process was explained to Gobodo in an email addressed to them dated 02 October 2019 sent by Ms Adams to Ms Thomo of Gobodo which I previously attached as "MC19". It is clear from the Gobodo Report that they ignored this advice from Ms Adams.

368. The valuations are an indicative price set by the Valuator. The only true indicator and ultimate indicator of value is what the market will pay.
369. I also point out that the Contractors appointed their own valuator Jennifer Gentle, since 2019 and that there had been no huge differences between her valuations, Adam's or Nathan's valuations. In some instance Gentle's valuations were higher and vice versa.
370. The PSJV is not a big mining operator such as De Beers, Alrosa or PETRA Diamonds who are able to set high reserve prices and most importantly, can withdraw their diamonds from the sale if they do not achieve those reserve prices.
371. The PSJV is unable to operate on that basis as it simply cannot afford to withdraw its diamonds from sale. Without sales, there is no income for the PSJV and or the contractors.
372. The PSJV is a price taker, not a price setter as it cannot afford to withdraw its diamonds.

AD PARAGRAPH 104 OF CRAYTHORNE'S AFFIDAVIT (*also out of the sequence*)

373. I deny that I informed Gobodo that Ms Adams is inexperienced. She has been in the employ of the mine since 2003. At the time of the Gobodo investigation she had been employed for 16 years which makes her more than capable to do the valuations at the Mine.
374. Ms Adams has also been trained at various training facilities. She attended a Rough Diamond Evaluation course in 2010 at one of the top diamond training facilities, Harry Oppenheimer Diamond Training School and obtained a certificate for the successful completion of the course.
375. She completed a hazardous Materials Awareness Course in 2012, a second Rough Diamond Evaluations Course at De Beers Diamond Academy(DBSSSA) during 2014 and a Diamond Grading Lab Class during 2015 at Gemological institute of America.
376. I had no reason to doubt Ms Adams qualifications and experience as she had been trained by the best training facilities and has many years' experience in the Sorthouse. It is unfortunate that Gobodo made such an adverse finding against her and stating that she is inexperienced without giving her an opportunity to provide her CV. I annex these certificates confirming these qualifications as "MC24". I apologise for the poor quality of the copies.

377. Mr Craythorne is well aware that Ms Adams has been managing the sorthouse for many years. He knows that she is experienced. He himself claims to be an experienced person based only on his years in the marine mining industry, without any formal qualifications. It however suited his narrative to humiliate Ms Adams.
378. I reiterate that the valuations at the Mine and the manner in which the tenders are operated was in place before the appointment of SSI. The Miners have never in the history of the Mine been provided with valuation prices, the fact that the PSJV allowed the appointment of Ms Gentle in 2019 was a first in the history of the Mine, as was also discussed by Louis Kotze in the minutes attached to Craythorne's affidavit, GC104.
379. The Contractors have also been invited to attend the tenders but Craythorne has not once accepted this invite. He has no knowledge of the professional manner in which the tender is run. It is clear from GC104 that Kotze tried to convince Craythorne that all was above board with minor improvements to made, but Craythorne was not interested. His main focus is to discredit SSI during the meeting with his theories.
380. Kotze also explained the tender process and prices received, Kotze had personal knowledge as he attended a lot of the tenders with Gentle.
381. The PSJV always accepts the highest bidding price and the contractors are paid their portion of the revenue split after the sales are concluded. All of this was explained to the contractors by Kotze. The PSJV has received more or less the same prices for years and there has been no drop in prices since the appointment of SSI. Craythorne's daughter's company itself made millions out of the sales from SSI.
382. At the meeting Craythorne for example has a wild theory of why land contractors previously received high prices was because the service provider used to "braai" with Johan Truter (a land mining contractor). This is the problem. Craythorne makes all these wild allegations against people without any proof.
383. Craythorne's has not once proved that the diamond prices actualy dropped since SSI were appointed, because it has not. I refer to GC104 where Kotze explains the sale to the highest bidder.

384. The Finance Department on a regular basis did comparisons between the previous marketing companies, Fusion Alternatives and SSI.
385. I annex hereto and marked "MC25" a summary of the comparison of the various sales by Menachem, Fusion (on the one part) and SSI (on the other part). The clear pattern is that under SSI there was no decrease in the dollar per carat price. In fact, there has been a slight increase.
386. With regard to the allegations that billions of rands have been lost, this is another complete fiction on the part of Mr Craythorne.

AD PARAGRAPH 105 OF CRAYTHORNE'S AFFIDAVIT

387. I deny that there has been any corruption down the line or that I or Ms Phillips are aware thereof.

AD PARAGRAPH 106 OF CRAYTHORNE'S AFFIDAVIT

388. The contents hereof are expressly denied.
389. Firstly the diamonds have not been undervalued.
390. With regard to Craythorne's paragraph 106.2, the beneficiation component has their prices determined after the auction is completed. The GDV issues a verification in terms of Section 59B(5) of the Diamond Second Amendment Act, Act 30 of 2005 stating that the Government Valuator had completed the verification process and states that the price provided is fair in relation to the current diamond market.
391. There is no reason for the SDT and the GDV to conspire with the PSJV and SSI to certify otherwise.
392. With regard to paragraph 106.3 I am not aware of any manipulating of the tender process to ensure sales to local diamond traders at reduced prices. SSI can only sell to buyers with South African licenses. Ownership of the diamonds are transferred to the buyers on receipt of payment. It is not possible for 80 to 100 buyers to collude with SSI. The PSJV Contractors have every right to obtain diamond dealers licences and attend the tenders and bid on the diamonds. One or two tried to purchase the diamonds produced by them through license

holders, they however have never been successful as their bids were lower than the other bidders.

393. SSI started with Sale 247. A list of the overall diamond prices achieved since tender 180 is annexed hereto as "MC26". It represents the average dollar per carat amount achieved for the period before SSI was appointed and after. The dollar per carat amount has remained fairly consistent against a reduction of overall stone size and declining quality of the reserve.

AD PARAGRAPH 108 OF CRAYTHORNE'S AFFIDAVIT

394. I deny that any of these schemes have been used by the PSJV to reduce the value which the contractors are entitled to.
395. During my tenure as CEO I have not encouraged or used any of these schemes. I am not aware of any of these schemes being used with any of the diamonds sold at the Tender House.
396. Once the diamonds are sold, ownership of the diamonds are transferred and the PSJV no longer has any control of the diamonds as the PSJV no longer has any right to the diamonds.
397. The PSJV has external auditors, including Sizwe Ntsalubu Gobodo, who would have discovered and reported on any wrongdoing. These audit reports can be viewed by the Commissioner's investigators at the mine.

AD PARAGRAPH 109 OF CRAYTHORNE'S AFFIDAVIT

398. I deny that any of those practices have been used at the mine during my tenure.

AD PARAGRAPHS 110 AND 111 OF CRAYTHORNE'S AFFIDAVIT

399. I refer to the full report by Mr Alan (annexed as "MC8" hereto) which correctly sets out the position with regard to the diamonds selected by the State Diamond Trader.
400. As has been set out above, the protocol is that the SDT will limit itself to diamonds under 6.8 carats only. As such diamonds above 6.8 carats will remain with the parcel and will be sold at the auction to the highest bidder and in so doing will achieve a higher price for the parcel. Single stones of 6.8 carats and above is on average 6% of the volume but 30 % of value of sales.

AD PARAGRAPHS 112 TO 114 OF CRAYTHORNE'S AFFIDAVIT

401. It is correct that the PME Beneficiation Diamonds are selected by Daniel Nathan. The price paid by DNT for these diamonds is based on the average value of that parcel for that specific carats.
402. In practice less than 2% of the diamonds had been selected for PME Beneficiation in terms of this right which SSI has, due to lower production by the PSJV.
403. SSI have confined themselves to only 2% and also only to diamonds which are capable of being beneficiated in South Africa which typically are less than 5 carats.
404. The best of the best diamonds remains in the parcel to achieve a higher selling price.
405. In any event were the best of the best diamonds to be selected, it would be to the ultimate benefit of the PSJV as the PSJV earns a further 30% of the final sales price.
406. The percentage of diamonds sold via the tender process is closer to 88%.

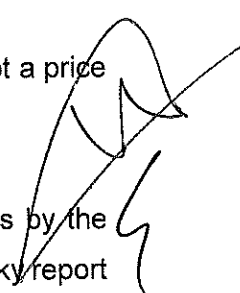
AD PARAGRAPH 116 OF CRAYTHORNE'S AFFIDAVIT

407. If Nathan were indeed calling favoured buyers and informing them of the top 3 bids, this will only result in higher bids being placed. However this was not a practice that Mr Daniel Nathan engaged in from what I observed.

AD PARAGRAPHS 117 & 118 OF CRAYTHORNE'S AFFIDAVIT

408. I have discussed the valuation of diamonds herein previously at paragraphs 289 to 358 above.

AD PARAGRAPHS 119 OF CRAYTHORNE'S AFFIDAVIT

409. Prices are determined at auction on open market. The PSJV is a price taker and not a price setter.
410. The indices which Mr Craythorne is referring to, are indices driven largely by sales by the larger diamond companies such as De Beers, Petra Diamonds and the like. A Zimnisky report
- 

has been attached as "MC11" which is discussed at paragraphs 250 to 252 above. Zimnisky includes a disclaimer with all its reports. People using that index must also ask for Zimnisky's approval, I am not certain as to whether Craythorne obtained the necessary approvals. This disclaimer is included with all reports.

Please read full disclosure below.

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411. It is impossible to apply that model and indexes to the PSJV Diamonds and any claim to have done so is misleading.

AD PARAGRAPH 120 OF CRAYTHORNE'S AFFIDAVIT

412. It is correct that Flawless Diamond's contract was terminated however, this was after complaints from the contractors. The beneficiation of goods was no longer based on the valuation price but on the average price that the production fetched at the Tender.
413. The valuations undertaken by Mr Daniel Nathan is done as an indicative value and is used as a starting point for negotiations with the State Diamond Trader.
414. Furthermore the SDT has confined itself to select diamonds under 6,8 carats and Daniel Nathan diamonds under 5 carats.
415. In any event the diamonds chosen by Daniel Nathan on behalf of SSI for PME beneficiation, is not the best of the best and if it was the best of the best, the PSJV would nevertheless still take part in the upside once the diamonds had been beneficiated.

AD PARAGRAPHS 121 TO 128 OF CRAYTHORNE'S AFFIDAVIT

416. I can only but refer to the report by Mr Alan annex and marked "MC8" hereto.

AD PARAGRAPH 129 OF CRAYTHORNE'S AFFIDAVIT

417. I confirm that Mr Craythorne has raised the alleged under-valuation of the PSJV diamonds. I recall painstakingly explaining to Mr Craythorne why this was not the case which is consistent with the answer I have provided above at paragraphs 366 to 372 above.

418. When Craythorne persisted with making wild allegations concerning the valuation, defaming the Board and providing information which was simply incorrect, the contract was not renewed by the Board.

AD PARAGRAPH 130 OF CRAYTHORNE'S AFFIDAVIT

419. I shake my head in dismay at the irony of the contents of this paragraph.

420. Craythorne and the EAC (and all its various interactions) under his leadership, wants to in fact oust the RMC and in fact the Richtersveld Community from the generation of value by retaining 85% of the diamonds extracted by them with 10% being purchased by the State Diamond Trader and only 5% of the proceeds going to the Richtersveld Community.

421. Currently the mining contractors, depending on where they mine and the intensive nature of the mining process, receives anywhere between 80% and 48%.

422. This is far more equitable than that which is proposed by Mr Craythorne.

423. In any event I deny the contents hereof in so far as the Richtersveld Community being ripped off is concerned.

AD PARAGRAPHS 131 TO 144 OF CRAYTHORNE'S AFFIDAVIT

424. Craythorne does not have all of the information and as such whatever is produced by him represents only information that he is able to lay his hands on which would include only himself and perhaps other marine mine contractors who are part of the EAC.

425. The EAC is however not all of the contractors mining the area. All of the larger contractors are not part of the EAC and do not share information with Mr Craythorne and as such whatever is produced by him is not only misleading but also factually incorrect and unreliable.
426. The value of the diamonds is determined purely by what a willing buyer is willing to pay for the diamond.
427. As a price taker we have no ability to control this as the PSJV diamonds are in essence price taker diamonds.

AD PARAGRAPH 143 OF CRAYTHORNE'S AFFIDAVIT

428. I am not sure where Mr Craythorne obtains this information, however this is not so.
429. The State Diamond Trader is part of the standard protocol and informal agreement between the SDT and the PSJV in terms of the SDT limits itself to diamonds with less than 6.8 carats.
430. The process of selling to the SDT has been in place before my tenure at the PSJV. As the SDT limits it to take less than 6.8 carats, the average price will be lower than the final price of the goods. The 6.8 carat stones (singles) represent on average 6% of the production volumes but 30% of value.
431. When the SDT confines itself to diamonds with carat weight of less than 6,8 the SDT will need to take smaller and lower quality diamonds which tend to be small and greater in number and less in price.
432. As such the contents of paragraph 143 is a misnomer and is denied.

AD PARAGRAPH 144 OF CRAYTHORNE'S AFFIDAVIT

433. The Tender House operated by SSI is able to attract many overseas and international buyers. Typically 80 to 100 high quality buyers attend the auction, which drives up the prices.
434. Many of these buyers are international as they wish to buy the much sought after alluvial diamonds which are a lot sturdier than the Kimberlite Diamonds.
435. Kimberlite Diamonds are typically diamonds which are found on land, whereas the alluvial diamonds are found at sea and as such have travelled greater distances and have been

subjected to greater forces than the Kimberlite Diamonds which makes the alluvial diamonds hardier and less likely to shatter under pressure.

AD PARAGRAPH 145 OF CRAYTHORNE'S AFFIDAVIT

436. This is correct. The PSJV also issues brokers' notes however Craythorne has no access to all the brokers' notes other than the brokers' notes for his daughter's company.

437. I am uncertain which brokers' notes he has managed to lay his hands on but can confirm that it will in fact not be all of the contractors as many of the contractors have not been misled by Mr Craythorne and as such have chosen not to share their information with him.

AD PARAGRAPHS 146 TO 167 OF CRAYTHORNE'S AFFIDAVIT

438. The contents hereof are denied.

439. Craythorne does not have access to all of the information to build any reliable charts. In any event, in comparing PSJV diamonds to any indices indicating market value, is a complete misnomer as the indexes are manipulated in favour of the larger mining companies.

440. With regard to Mr Charles Windom at paragraph 168, I point out that his report was dated 1998.

AD PARAGRAPHS 169 TO 191 OF CRAYTHORNE'S AFFIDAVIT

441. The contents hereof are denied. Many of the issues raised by Mr Craythorne pre-dates my arrival at the mine.

AD PARAGRAPHS 192 TO 195 OF CRAYTHORNE'S AFFIDAVIT

442. The contents hereof are not within my knowledge.

AD PARAGRAPHS 196 TO 210 OF CRAYTHORNE'S AFFIDAVIT

443. I bear no knowledge of the contents hereof and I would however caution against any reliance on the information presented by Mr Craythorne as he does not have all of the information,

makes wild accusations, leaps to conclusions and draws conclusions from disparate facts which are unconnected.

AD PARAGRAPHS 211 TO 219 OF CRAYTHORNE'S AFFIDAVIT

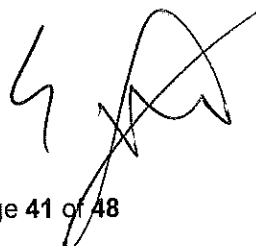
444. I once again point out that I was not employed by Alexkor.
445. If Alexkor has or has not been captured it is not something I am able to comment on as I had limited dealings with Alexkor, was not employed by Alexkor and was not able to influence any decisions which Alexkor and its Board took.
446. Ms Mentoor's facebook postings were passed on as being gossip and were inaccurate.
447. Mr Craythorne was the source of Amabhungane, like all other media reports alleging state capture of the PSJV.
448. The mere fact that Mr Craythorne states that the Alexkor prices improved in ten years, whilst SSI only had the contract since 2015 shows the confusion with which Mr Craythorne deals with the issues. I reiterate that the bidders determine the highest price and it would be impossible to collude with 80 to 100 buyers to determine the prices.
449. The same applies to Ms Phillips who has signed a confirmatory affidavit in this regard.

AD PARAGRAPHS 220 to 225.6 OF CRAYTHORNE'S AFFIDAVIT

450. The contents hereof are not within my personal knowledge. I can however confirm that concerns were raised on a continuous basis by Mr Craythorne however these concerns, such as they were, were addressed and assurances given, however Craythorne simply never accepted any explanation provided to him and ignored all of the information and disclosures made to him.

AD PARAGRAPHS 226 TO 229 OF CRAYTHORNE'S AFFIDAVIT

451. It is correct that 4 of the Shallow Water Marine Mining contracts were not renewed , when it came up for renewal.



452. In essence the contracts were not renewed as they had in fact gone about defaming the PSJV management and Board.

453. The 4 Shallow Water Marine mining contractors were eventually reinstated however I can confirm that defamation proceedings against Craythorne had been instituted.

AD PARAGRAPH 235 OF CRAYTHORNE'S AFFIDAVIT

454. Although I am aware of the Gobodo report, I have never been asked to comment and no opportunity was given to me to refute the many baseless allegations leveled against me.

AD PARAGRAPH 236 OF CRAYTHORNE'S AFFIDAVIT

455. No contractor has an automatic right of renewal. The mining rights are not a commodity which can be owned by the contractors.

456. There was indeed an irretrievable breakdown given Craythorne and his cronies' constant defamation, all driven by their desire to contract directly with Alexkor and to exclude the Richtersveld community. I annex marked "MC27" a legal opinion of Webber Wentzel Attorneys in this regard.

AD PARAGRAPH 237 OF CRAYTHORNE'S AFFIDAVIT

457. The Gobodo report is fatally flawed. I have dealt with the reasons why the Gobodo report is fatally flawed previously and I repeat those submissions in response hereto.

AD PARAGRAPHS 237.1 AND 237.2 OF CRAYTHORNE'S AFFIDAVIT

458. The procurement process was not fatally flawed as the PSJV is not a state owned entity.

AD PARAGRAPH 237.3 OF CRAYTHORNE'S AFFIDAVIT

459. The PSJV sold 10% to the SDT, all certificates are at the Mine and can be requested from the PSJV. The PSJV did not produce the 70 000 carats as predicted and could not sell the full 5% for beneficiation to SSI.

AD PARAGRAPH 237.4 OF CRAYTHORNE'S AFFIDAVIT

460. The PSJV sells the diamonds to buyers with local licences. Where the buyer elects to export the diamonds the buyer must comply with whatever levies are levied in terms of the Export Levy Act.
461. The PSJV does not export and has no need for an exemption from the Export Levy. This is once again another fatal flaw on which the Gobodo report is based.

AD PARAGRAPH 237.5 OF CRAYTHORNE'S AFFIDAVIT

462. The contents hereof are expressly denied for the reasons as set out in this affidavit elsewhere. Ms Adams and I had access to the bidding system. The highest bidders and the sales details are available to the Commission's investigators at the mine.

AD PARAGRAPH 237.7 OF CRAYTHORNE'S AFFIDAVIT

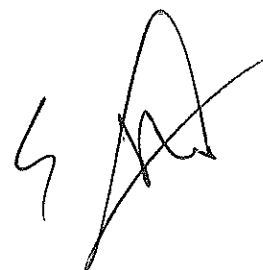
463. There is no basis upon which any ordinary person can buy diamonds unless they have the required licenses. All sales have been routinely registered with all the authorities and has been fully scrutinized throughout. Furthermore, it is closer to approximately 88% of the diamonds that have been sold on tender, and not 85%.

AD PARAGRAPH 238 OF CRAYTHORNE'S AFFIDAVIT

464. The Alan report is an independent report. Alan was appointed by the PSJV Board acting through me as the CEO.
465. Alan is regarded internationally as an expert and if needs be, has indicated that he is willing to share his expertise and knowledge with the Commission and in any subsequent proceedings.

AD PARAGRAPH 239 OF CRAYTHORNE'S AFFIDAVIT

466. I will address Mr Jan Dekkers affidavit in a separate affidavit.

A handwritten signature in black ink, appearing to be 'S. Adams', is located in the bottom right corner of the page. The signature is stylized and written over the page number.

AD PARAGRAPH 241 OF CRAYTHORNE'S AFFIDAVIT

467. The contents of this paragraph is outrageously false and are expressly denied. Any Plan to take over the marine mining assets or form a joint venture with Alexkor SOC will be a contravention of Clause 19 of the Unanimous Resolution as the Richtersveld Community has a right of first refusal on the marine mining assets of Alexkor SOC should Alexkor want to exercise the put option granted to it by Clause 19 of the Unanimous Resolution. The PSJV will terminate on either the call or put option as set out in Clause 19. The Unanimous Resolution is also clear what will happen with the land and marine mining assets.
468. The EAC, Mr Craythorne and their various other groupings has consistently ignored the provisions of the UR and continues with their attempts to obtain the marine mining assets in contravention to the Unanimous Resolution and to the detriment of the beneficiaries of the Land Claim, the Community of the Richtersveld. No third party whether it is Trans Hex, the EAC or anyone else can purchase the marine mining operations of Alexkor SOC.

AD PARAGRAPH 242 OF CRAYTHORNE'S AFFIDAVIT

469. It is correct that I was a former Executive Director of Trans Hex. I resigned from that position several months before I was appointed to the position of CEO. I was appointed by the first Board of the PSJV under the Chairmanship of Mr Reginald Mazzarri.

AD PARAGRAPH 242.1 to 242.3 OF CRAYTHORNE'S AFFIDAVIT IN ITS ENTIRETY

470. I deny the contents hereof. It is outrageously false. If there was such a plan, I was not ever aware thereof and my involvement, as alleged by Mr Craythorne, in the execution of such a plan, is expressly denied.
471. Ms Phillips also denies any knowledge of a plan and was also not involved. She has signed a confirmatory affidavit in this regard.

AD PARAGRAPHS 243, 244 AND 245 OF CRAYTHORNE'S AFFIDAVIT

472. The contents hereof are not within my knowledge, save than to state that if Alexkor SOC, in terms of the provision of the Unanimous Resolution, had to withdraw from the mining operations in Alexander Bay, it would need to do so in accordance with the provisions of the Unanimous Resolution.

473. Since the establishment of the PSJV in April 2011, Alexkor has no direct control and management of the diamond mining operations.
474. In my view it would have made perfect sense for Alexkor SOC to look to other strategic operations, as Alexkor SOC would have become and as it did later become an SOC with no purpose other than to finalise its obligations in terms of the Deed of Settlement, such as the transfer of municipal services to the Richtersveld Municipality, transfer of the property in Alexander Bay to various institutions the biggest receiver being the Richtersveld Property Holdings, finalise the historical rehabilitation of the area, etc.

AD PARAGRAPH 246 OF CRAYTHORNE'S AFFIDAVIT

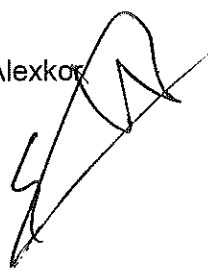
475. I point out again that Mr Craythorne raises allegations against Alexkor and then links it directly to the PSJV without any basis.
476. Whatever Alexkor has done or is doing is outside of the power of the PSJV to control. I can however confirm that the PSJV is committed to mining operations in Richtersveld. The PSJV has not carried Alexkor SOC financially, and any financial resources were drawn from Alexkor's own funds. The Land Claim and ultimately the DOS and UR precede the Alexander Bay Development Corporation, as the diamond mining operations were put under the full control and management of the PSJV.

AD PARAGRAPHS 247, 248, 249 AND 250 OF CRAYTHORNE'S AFFIDAVIT

477. The contents hereof are expressly denied. I am not aware of any such conspiracy. The PSJV was in control of the mining operation in the Richtersveld. Ms Phillips confirms this as well.

AD PARAGRAPH 251 OF CRAYTHORNE'S AFFIDAVIT IN ITS ENTIRETY

478. This paragraph more than any other demonstrates how conspiracy theories are generated by Mr Craythorne and then given credence to.
479. The deed of settlement provides for the Richtersveld Mining Company to acquire the Alexkor rights.

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

480. Alexkor commits itself to exit Alexander Bay and the Richtersveld and to sell its interest to the Richtersveld Mining Company in terms of paragraph 19 of the Unanimous Resolution. There is no conspiracy around this.

AD PARAGRAPH 252 OF CRAYTHORNE'S AFFIDAVIT

481. There are no dots to connect. Craythorne simply makes bald allegations and then convinces his EAC colleagues who then take up the cudgels, breeding a completely false and outrageously inaccurate narrative based on a conspiracy theory generated by Craythorne.

AD PARAGRAPHS 254 TO 268 OF CRAYTHORNE'S AFFIDAVIT

482. The contents hereof are expressly denied insofar as they discuss a conspiracy theory generated by Mr Craythorne and his cronies in the EAC.

AD PARAGRAPHS 269 AND 270 OF CRAYTHORNE'S AFFIDAVIT

483. The contents hereof are rejected.

AD PARAGRAPHS 273 TO 288 OF CRAYTHORNE'S AFFIDAVIT

484. The contents hereof are a complete fantasy and is a conspiracy theory generated by Craythorne.

485. It contains wild allegations which are not only irrelevant but also completely false.

AD PARAGRAPH 289 OF CRAYTHORNE'S AFFIDAVIT

486. Other than to point out the clearly defamatory nature of the allegations contained in paragraph 289, I point out that none of them concerned the PSJV.

AD PARAGRAPH 290 OF CRAYTHORNE'S AFFIDAVIT

487. It is correct that I was the CEO of the PSJV however, I had no formal reporting relationship to Alexkor. I served the PSJV exclusively.

AD PARAGRAPH 291 OF CRAYTHORNE'S AFFIDAVIT

488. The relevant bits concerning the PSJV Board operating as a subcommittee of the board of Alexkor is clearly incorrect.
489. The PSJV and its Board is completely independent and operates independently making independent decisions.
490. It is not a subcommittee of the board of Alexkor and it does not operate as such.
491. The rest of the allegations including the allegations in 292 all concern Alexkor.

AD PARAGRAPH 295 OF CRAYTHORNE'S AFFIDAVIT

492. In terms of the deed of settlement and unanimous resolution, the Alexkor diamond interest must be offered to the Richtersveld Mining Company on a right of first refusal basis.

AD PARAGRAPHS 305 TO 310 OF CRAYTHORNE'S AFFIDAVIT

493. I do not recall receiving any correspondence concerning the authenticity of the Questco document. For the sake of good record, I have no role whatsoever to play in any Questco document or and plan contained therein.

AD PARAGRAPH 317 OF CRAYTHORNE'S AFFIDAVIT

494. It is correct that I received a suspension letter with draft charges. However, my disciplinary enquiry was never proceeded with despite my best efforts. (I even threatened to litigate to ensure that the charges were brought and that the disciplinary inquiry proceeded with). I was summarily dismissed with no hearing whatsoever.
495. I have challenged the fairness of my suspension and have been awarded 12 months compensation.
496. I am in the process of challenging the fairness of my unfair dismissal and expect to receive a similar order for compensation.

497. I have been dealt with unfairly and have never had the opportunity to answer the allegations levelled against me.

AD PARAGRAPH 324 OF CRAYTHORNE'S AFFIDAVIT

498. Mr Alan is a world renowned expert on diamond mining.

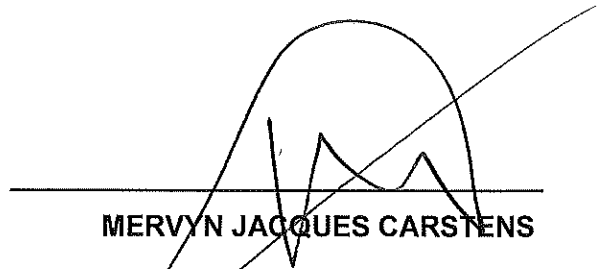
AD PARAGRAPHS 326, 327 AND 328 OF CRAYTHORNE'S AFFIDAVIT

499. My suspension was unfair my position in this regard has been vindicated by the CCMA Award which has awarded me 12 months compensation.

500. My dismissal is unfair and I fully expect to be vindicated in the subsequent arbitration proceedings with a similar award.

AD PARAGRAPHS 329 TO 334 OF CRAYTHORNE'S AFFIDAVIT

501. The contents hereof are denied.



MERVYN JACQUES CARSTENS

I certify that the above signature is the true signature of the deponent and that he has acknowledged to me that he knows and understands the contents of this Affidavit, which Affidavit was signed and sworn to before me, in my presence at CAPE TOWN on this 17th day of **FEBRUARY 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

CHRISTLYNNE VERONICA LIMBERG
Commissioner of Oaths
Practising Attorney
3RD FLOOR, WEMBLEY SQUARE
SOLAN STREET, GARDENS, 8008

" M C 7 "



29 February 2016

Honourable Minister Ms Lynne Brown, MP

The Department of Public Enterprises

1090 Arcadia Street

Info Tech Building

Hatfield

By Email

Dear Honourable Minister

REPORT BACK ON THE INVESTIGATION CARRIED OUT BY THE ALEXKOR AUDIT AND RISK COMMITTEE

1 INTRODUCTION

The RMC, Alexkor's joint venture partner in the PSJV, lodged a complaint with the Minister of Public Enterprises in respect of the awarding of the tender **TENDER NO RFP 03/2014** by the PSJV to Scarlet Sky Investments ("SSI") as the preferred service provider for the sale of the JV's diamonds.

The matter was raised at the meeting between the RMC, Alexkor and the DPE on Wednesday, 28 October 2015 and it was resolved by the Minister that the Audit and Risk Committee of the Alexkor's Board ("the Committee") would conduct an investigation into the awarding of the tender.

The Committee subsequently met to deliberate on the scope and approach of the investigation, details of which are contained in section 2 and 3 of this letter. Furthermore, the detailed observations and findings of our investigation as well as our conclusion are detailed in Section 4 and 5 respectively.

2 SCOPE

The Committee agreed that it will review all the information pertaining to this tender including but not limited to:

- All formal complaints received from the RMC and/or its directors;
- All signed minutes of the PSJV Board recording formal complaints by the RMC and/or its directors;
- An affidavit from the Company Secretary and the Chief Executive Officer of the PSJV recording the sequence of event from the point a need was identified to the selection of Scarlet Sky Investment ("SSI") including all exhibits of documents referred to in the report under the following headings:

- Introduction of company SSI (Co registration, Income tax references, date of incorporation)

Directors, shareholders, etc.; Rosebank, 2196 T +27 11 788 8809 F +27 11 788 8869

www.alexkor.co.za

Directors: Ms H Mayoza (Chairperson) • PN Khoza (Chief Executive Officer) • T Mhlanga (Acting Chief Financial Officer) • Mr V Bana
Mr J Danana • Mr T Haasbroek • Ms M Lehobye • Mr T Matona • Ms Z Ntlangula • Dr R Paul **Company Secretary:** Z Kollman



- The services that were advertised
 - Process followed of identifying the need for the services advertised; evidence of what transpired; and outcome;
 - Process followed to invite participant on the tender, evidence of what transpired and the outcome of the invitation
 - Procurement processes followed, evidence of what transpired and the outcome;
 - Process of seeking approval' evidence of what transpired and the outcome
- The approved Tender Committee Charter that oversaw the adjudication, the Supply Chain Management policy and Standard Operating Procedures used to appoint the SSI as a preferred supplier;
 - All signed minutes of all the committees that were involved in the adjudication and awarding of SSI as a preferred supplier;
 - Attendance registers pertaining to board, committee and management meeting where SSI is discussed, where people have rendered apologies, their written submission of their apologies;
 - Access to visit the facilities of SSI at the request of the Committee;
 - Copies of the due diligence responses provided after management conducted the technical due diligence and the legal due diligence; and
 - A report of a technical adviser appointed by the Committee on areas of technical due diligence performed during the adjudication and awarding the tender, if deemed required.

3 APPROACH

The Committee was constituted with the following members:

- Ms M Lehobye (Chairperson)
- Mr T Haasbrook
- Mr T Matona apologised for not being available to serve on the Committee and the board nominated Mr V Bansi as his replacement

Dr R Paul, Ms Z Kellerman, Mr P Khoza and Ms T Mhlanga recused themselves from any dealing and deliberations concerning the investigation. Thereafter, communications were sent to all personnel from whom the Committee required information from so that it can independently review the evidence presented and form its view on the complaints lodged by the RMC.

Also, the Committee sought the resolution of the Board to approve its fees to conduct this investigation, which fees were set at maximum of R155 000 for all members.

Reg. No. 1992/006368/30. Incorporated by Act No 116 of 1992.

Head Office 8A Jellicoe Avenue, Rosebank, 2196 T +27 11 788 8809 F +27 11 788 8869

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4 DETAILED OBSERVATIONS AND FINDINGS

4.1 Formal complaints received from the RMC

The Committee understood that there was a formal complaint from the RMC that had been submitted to the Public Protector. The copy of which was forwarded to the Committee on the 15 December 2015 by Mr P Khoza. Our observations with regards to the letter and email from Mr P Khoza are as follows:

- a. The letter is on an RMC letterhead but not dated.
- b. The letter is signed by Mr D Korabie as an independent Director of RMC.
- c. The letter is addressed to Ms Winnie Manyathela at email winniem@pprotect.org.
- d. The complaint was received by Mr P Khoza on the 11th September 2015 and was cced to numerous interested parties including the DPE and PSJV Board members.
- e. The message to the Public Protector's Office represent Mr D Korabie as a service provider to the RMC with regard to lodging the complaint.

The detailed complaints levied against the PSJV is contained in Annexure A as paragraph 1 to 22, an Annexure to this report.

In conclusion, Mr P Khoza forwarded the above mentioned letter to the Chairperson of Alexkor Board and acknowledgement was sent to Mr D Korabie on the 14 September 2015. The Chairperson of Alexkor Board raised the matter at the PSJV board meeting of the 19th October 2015, which resulted into the matter being presented to the Honourable Minister.

4.2 Response to the complaint levied at it the PSJV

The response from the PSJV was received in a form of affidavits, interviews and collaborative evidence received to support the assertions made to the Committee.

For ease of reference we have included a timeline relating to activities that took place during the identification of need to the appointment of SSI as the preferred supplier for the sale of the JV's diamonds. Thereafter, we have outlined the Committees' response to the complains levied against the PSJV as well as our conclusion.

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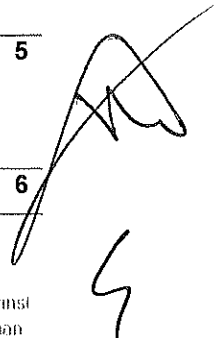
4.2.1 Timeline

Date	Description	Annexure	Reference to Collaborative Evidence
21 October 2013	Technical Committee meeting of the PSJV raised a concern to management regarding the manner in which diamonds were marketed and sold by the then service provider Diamond Marketing Consultants("DMC"). The committee advised that management request approval from the PSJV Board ("the Board") to appoint a new service provider on a trial basis to determine whether there will be an improvement in the pricing.		
23 October 2013	Management obtained an approval from the Board to appoint a new service provider on a trial basis.		
08 January 2014	Agreement with DMC cancelled.	Annexure A	1
01 January 2014 to 31 July 2014	Management engaged and appoints Fusion Alternatives ("FA") on a trial basis to market, valuate and sell the diamonds.		
30 January 2014	Both the chairperson of the Technical Committee and management give feedback to the Board pertaining to the appointment of FA and the termination of DMC's services.	Annexure B para 4.1.3 & 8.2	2
10 April 2014	The progress on the sale of diamonds and the performance of FA discussed at the Technical Committee meeting.	Annexure C para 6.1	3
16 April 2014	The Board approves for management to commence with a formal tender process to appoint a service provider.	Annexure D para 6.4	4
18 July 2014	The Technical Committee noted that there is a need to recommend to the Board to extent the temporary agreement with FA for a period of six months.	Annexure E para 5.4	5
30 July 2014	The Board grants approval for the extension of the	Annexure F para	6

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Date	Description	Annexure	Reference to Collaborative Evidence
2014	temporary agreement. The duration of this agreement was from 01 August 2014 to 31 January 2015.	5.6	
31 October 2014	The request for proposals published in the Government Gazette. The date for the Sunday Times advert could not be ascertained however the minimum requirement of the Tender were detailed in the advert.	Annexure G1 Annexure G2	7
07 November 2014	Nine (9) expression of interest are received and invited to a briefing session on the 13 th November 2014.	Annexure H1 to H9	8
13 November 2014	Seven of the companies who expressed and interest attended the briefing session out of the nine.	Annexure I1 to I7	9
	The tender documents sent via email to all the nine companies that submitted expressions of interest. Companies were not excluded on the basis of non-attendance because the briefing session was not compulsory.		
25 November 2014	Acknowledged receipt of tender documents from: <ul style="list-style-type: none"> • CS Diamonds • SA Diamond Realisations (PTY) LTD t/a Fusion Alternatives • Elite Diamond Cutting Works (PTY) LTD • Flawless Diamond Trading House (PTY) LTD • Scarlet Sky Investment (PTY)LTD • Trans Hex Operations (PTY)LTD • Anthony Peter Rough Diamonds t/a E Diamonds 	Annexure J1 to J8	10
	Gamiro Advisory Services appointed to conduct the evaluations of the proposals from the bidding companies.	Annexure K	11
	From the seven proposals received three companies were shortlisted. In terms of the Evaluation Score Sheet, Flawless Diamonds was scored 50 points. Diamond Realisation	Annexure L Annexure L1 to L7	12

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