

**Richard Brown**

---

**From:** Raygen Phillips  
**Sent:** Friday, 15 June 2018 18:35  
**To:** Ernest Blom  
**Subject:** Re: ERNEST BLOM DIAMONDS - ALEXKOR DIAMONDS MARKETING  
**Attachments:** image001.jpg; image003.png

Thanks Ernie, will do.

Regards

Sent from my iPhone

On 15 Jun 2018, at 18:24, Ernest Blom <[ernie@blomdiamonds.co.za](mailto:ernie@blomdiamonds.co.za)> wrote:

My pleasure.  
Call me anytime if you need anything

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**From:** Raygen Phillips [<mailto:raygenp@alexkor.co.za>]  
**Sent:** 15 June 2018 05:45 PM  
**To:** Ernest Blom <[ernie@blomdiamonds.co.za](mailto:ernie@blomdiamonds.co.za)>  
**Subject:** Re: ERNEST BLOM DIAMONDS - ALEXKOR DIAMONDS MARKETING

Good day Mr Blom

Thanks for your prompt response, it is much appreciated.

Regards

Sent from my iPhone

On 15 Jun 2018, at 14:01, Ernest Blom <[ernie@blomdiamonds.co.za](mailto:ernie@blomdiamonds.co.za)> wrote:



<image004.jpg>

**Ernie**

**Blom**

**Ernest Blom Diamonds (Pty) Ltd**

Jewellery is not jewellery without a diamond

Tel: +27 11334-3091

<image007.jpg> ECONOMIC DIPLOMATIC

ADVISOR TO THE BELGIUM GOVERNMENT

Mobile: +27 82 441-2962

Email: [ernie@blomdiamonds.com](mailto:ernie@blomdiamonds.com)

<image002.png>Website: [www.ernestblomdiamonds.com](http://www.ernestblomdiamonds.com)

2018.06.15

Raygen Phillips

Alexkor Diamonds Marketing  
Company Secretary

Dear Mr Phillips,

Further to your email of the 13 June please find below my response in respect of your questions regarding the tenders held by Scarlet Sky on behalf of Alexkor.

- (1) My company has been a regular participant of the tenders of Alexkor and we have always found the tenders to be well run and accessible.
- (2) The tender by its very nature is a good system to obtain fair market value for the producers and their production.  
This is further strengthened by the fact that bidders are not privy to each other bid and will therefore put the highest bid possible to win the goods. The highest bid is only revealed after the tender has closed.
- (3) The companies and persons participating in the tenders come from the various trading centres around the world therefore the level of competition is very high which gives Alexkor "top dollar" for their production.
- (4) / (5) The prices paid for the rough diamonds are based on the buyers' knowledge of International prices for the various categories and as such I do not believe better prices can be achieved.
- (6) Fair Market Value or Top Dollar is achieved by the attendance of buyers of the global diamond industry competing against each other for the rough diamonds and is a very favourable system for producers (Alexkor). Most rough diamonds are sold this way around the world.

I trust this is what you required.

Feel free to contact me if you have any further questions.

Sincerely

Ernie Blom



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**From:** Raygen Phillips [<mailto:raygenp@alexkor.co.za>]  
**Sent:** Friday, 15 June 2018 8:40 AM  
**To:** Ernest Blom <[ernie@blomdiamonds.co.za](mailto:ernie@blomdiamonds.co.za)>  
**Subject:** FW: ERNEST BLOM DIAMONDS - ALEKKOR DIAMONDS MARKETING

Dear Mr Blom

Kindly find enclosed hereto letter for your attention.

Your soonest response would be appreciated.

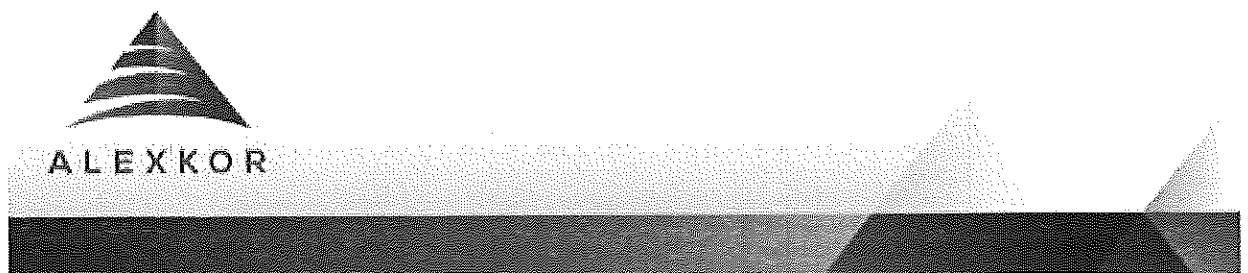
Regards

Raygen Phillips  
**Company Secretary**  
Tel: 027 831 8352  
Fax: 027 831 1910  
E-mail: [raygenp@alexkor.co.za](mailto:raygenp@alexkor.co.za)  
Website: [www.alexkor.co.za](http://www.alexkor.co.za)

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**From:** Mariana Louw  
**Sent:** Friday, 15 June 2018 08:13  
**To:** Raygen Phillips  
**Subject:** ERNEST BLOM DIAMONDS - ALEKKOR DIAMONDS MARKETING

Mariana Louw  
Title : Executive PA to CEO  
**W** +27 27 831 8399 | **F** +27 27 831 1910  
**M** +27 073 323 5896  
**E** [marianal@alexkor.co.za](mailto:marianal@alexkor.co.za) | [www.alexkor.co.za](http://www.alexkor.co.za) |



<image010.png>

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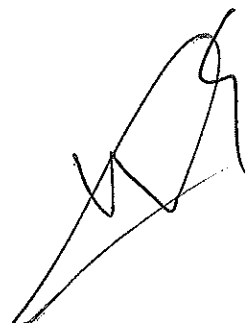
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A handwritten signature or scribble in the bottom right corner of the page, consisting of several overlapping loops and lines.

"MC 22"



STATE DIAMOND TRADER  
 Tel: +27 11 334 2891 Fax: +27 11 334 1540  
 Email: info@statediamondtrader.gov.za  
 225 Main Street, Johannesburg 2001

Purchase Certificate 19188  
 Alexkor  
 Production 284

We hereby certify the rough diamonds presented to the State Diamond Trader

Stone No. or Parcel Desc.	Total Production			SDT availability (10%)			SDT purchase amount		
	Carats	Value US\$	US\$/Ct	Carats	Value US\$	US\$/Ct	Carats	Value US\$	US\$/Ct
Singles 1-7	73.20			7.32					
6 cts	19.00			1.90					
5ct	28.42			2.84					
4ct	46.05			4.60			4.17		
3ct	97.16			9.72			10.31		
10grs	31.34			2.13			2.76		
8grs	148.39			14.83			15.90		
6grs	92.82			9.28			11.06		
5grs	110.87			11.09			11.63		
4grs	171.09			17.11			19.14		
3grs	211.16			21.12			21.71		
+11	403.16			40.32			41.49		
+9	280.33			28.03			29.35		
+7	294.71			29.47			30.66		
-7	185.76			18.58			20.13		
	2,188.27	916,515.13	418.83	218.83	916,515.13	418.83	218.40	69,451.20	318.00

Purchased Carats 218.40  
 Purchased amount (US\$) 69,451.20  
 Exchange rate (date) 14.8674

Total ZAR 1,016,668.59  
 VAT @ 15% 152,900.29  
 Total purchase price (ZAR) 1,171,468.88

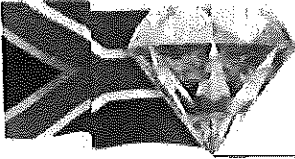
Authorised representative  
 Alexkor

Authorised representative  
 The State Diamond Trader

Authorised representative  
 Government Diamond Valuator

Date 26/10/2019

"MC 23"



**SOUTH AFRICAN DIAMOND AND  
PRECIOUS METALS REGULATOR**

251 Fox Street  
JOHANNESBURG 2001, South Africa  
Entrance: Cnr Greene & Main Streets (Jewel City)

P. O. Box 16001, Doornfontein 2028 – South Africa  
Tel (011) 223 7000 Fax (011) 334-8898  
info@sadpmr.co.za

All correspondence to be addressed: The Chief Executive Officer

Reference: BC/3/3

Enquiries: A.Pholoha

The Chief Executive Officer  
Alexkor SOC Ltd  
Orange Road  
Private Bag X5  
Alexander Bay  
8290

Dear Sir,

**RE: VERIFICATION OF SECTION 59 B (5) OF THE DIAMOND SECOND AMENDMENT ACT 30 OF 2005.**

Section 59B (2) of the Diamond Second Amendment Act 30 of 2005 which states:

*"At the end of every production cycle a diamond producer shall offer all the unpolished diamonds produced by him/her in that production cycle to the State Diamond Trader to inspect such diamonds, for the purpose of selecting diamonds for purchase as contemplated in subsection 1."*

The Government Valuator (GDV) has completed the verification process as per above section and hereby states that the price provided by Alexkor SOC Limited of \$357.18 per carat is fair in relation to the current diamond market.

The State Diamond Trader selected 9.98% from the 100% production offered to them.

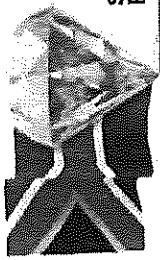
Attached, please find a certificate representing the GDV valuation.

I trust and hope that you find the above in order.

Yours Faithfully

**MR CECIL KHOSA  
ACTING: CHIEF EXECUTIVE OFFICER**

20/05/2019  
DATE



**SOUTH AFRICAN DIAMOND AND  
PRECIOUS METALS REGULATOR**

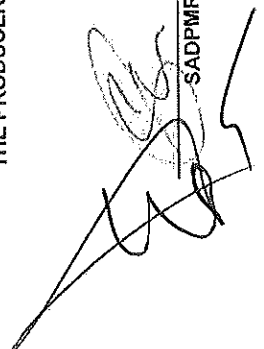
SA Diamond Centre  
251 Fox Street  
JOHANNESBURG 2001, SOUTH AFRICA  
Entrance: Cnr Phillip & Main Street  
P. O. Box 16001, Doornfontein 2028 – South Africa  
Tel (011) 223-7000 Fax (011) 334-8898

**ALEXKOR SOC Limited 10% MAY 2019**

DESCRIPTIONS	ALEXKOR SOC Limited 100%			THEORETICAL SPLIT 10%			GDV VERIFICATION SELECTION		
	CARATS	VALUE \$	\$/CT	CARATS	VALUE \$	\$/CT	CARATS	VALUE \$	\$/CT
SINGLES 1 - 21	231.60								
6CTS	38.48								
5CTS	107.70								
4CTS	95.75								
3CTS	181.30						8.25		
10GRNS	81.41						16.30		
8 GRNS	329.21						10.49		
6GRNS	241.62						37.42		
5GRNS	161.72						27.79		
4GRNS	307.04						20.62		
3GRNS	368.95						34.26		
+11	669.09						41.45		
+9	564.44						72.37		
+7	631.71						60.69		
-7	348.26						66.96		
<b>TOTAL VALUED PRODUCTION</b>	<b>4 358.28</b>	<b>2 317 233.98</b>	<b>531.69</b>	<b>435.83</b>	<b>231 723.40</b>	<b>531.69</b>	<b>434.96</b>	<b>143 636.72</b>	<b>330.23</b>

THIS CERTIFICATE HEREBY REPRESENTS THE VERIFICATION PROCESS AS CONTEMPLATED IN SECTION 59B (5) OF THE DIAMONDS SECOND AMENDMENT ACT (Act No. 30 of 2005)

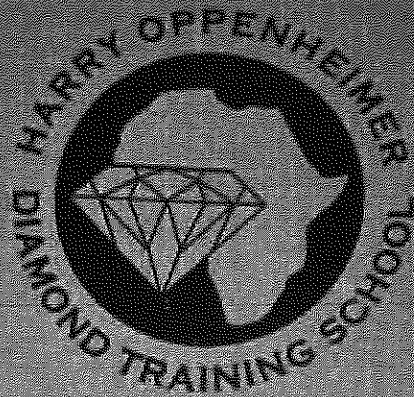
\*THE PRODUCER RESERVE ON THE SDT SELECTION IS \$357.18 PER CARAT

  
SADMIR - GDV

  
ACTING CHIEF EXECUTIVE OFFICER

20/05/2019  
DATE

" MC 24 "



HARRY OPPENHEIMER DIAMOND TRAINING SCH

*This is to certify that*

**MICHELLE ADAMS**

*has successfully completed  
a course in*

**ROUGH DIAMOND EVALUATION**

*at  
Harry Oppenheimer Diamond Training School*

Signed at Johannesburg on this

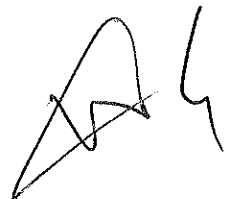
Day **19** Month **FEBRUARY** Year

*[Handwritten Signature]*  
PRINCIPAL

**DBSSA DIAMOND ACADEMY**

**FULL COURSE REPORT: INTERNAL**

<b>CLIENT NAME:</b>	Deon Bowers
<b>DEPARTMENT:</b>	Alexkor RMC JV
<b>COURSE NAME:</b>	Rough Diamond Evaluations - Bespoke Course
<b>DATES:</b>	24 March - 30 April 2014
<b>DELEGATE/S:</b>	Michelle Adams
<b>INSTRUCTOR/S:</b>	Sanel Marais

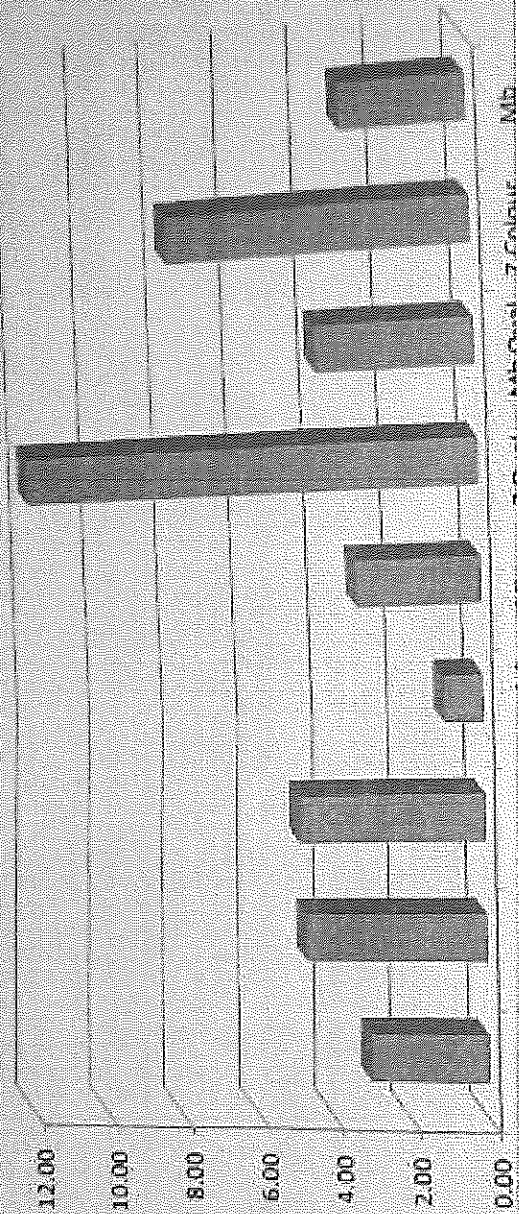


### OBSERVATIONS AND CONCLUSIONS

When Michelle started her training, attention was given to the rough diamond sorting splits introduced during the previous training interventions. The basic model split of Sawable/Makeable and the basic quality split of Gem/Near Gem were revisited and checked for accuracy and consistency. Michelle started this part of the programme very positively and that reflected in her end results. Right from the word go she displayed a positive approach and a desire to do well in her assessments. Michelle was afforded one practice round before recording of her error percentages commenced.

As the Academy standard (error margin) is set at 15% or below, the graph clearly demonstrates her understanding of the different diamond models, qualities and colour

Michelle Adams - % Sorting Overlap



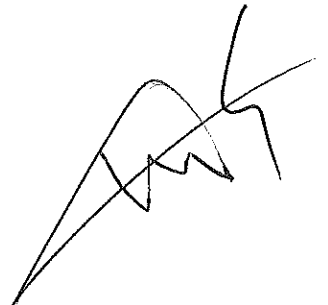
After the IMC training, Michelle should be able to

- Identify the properties of diamonds
- Understand and accurately identify the various diamond crystal forms within the isometric system
- Classify and understand the various diamond types, i.e. Type I and II
- Demonstrate the ability to identify and practically indicate crystal structure, symmetry and grains
- Demonstrate the ability to complete a variety of mathematical exercises pertaining to manufacturing yield estimations and financial conclusions applicable to the diamond industry
- Demonstrate an understanding of yields and estimation of outcomes of diamond manufacturing principles through applied knowledge and skills on a variety of basic stones
- Apply a variety of basic popular polished cuts through manufacturing estimation to estimate the best possible yield from a variety of rough stones

The polished grading course was met with interest and enthusiasm. In this case, Michelle completed five written assessments. Her results were as follows:

**Polished grading assessment results**  
**Standard required: 80%**

Clarity	97%
---------	-----



**TRAINING SOLUTION**  
**A SUMMARY OF LEARNER EXPECTATIONS AND FEEDBACK**  
 Academy  
 to the DISSICA Diamond

**LEARNERS COURSE EXPECTATIONS**

- If you grant me the opportunity to be trained I would like the outcome to be Junior Valuator
- By obtaining this training I would be able to provide management with a preliminary valuation indication on our parcels and a great help keeping the insurance of the parcels in mind (implementing the four C's)
- To obtain knowledge in grainer quality assortments sawables, makeables, near gem, cleavage, rejects and board, clarify colours
- I would also like an overview on colour (pique, yellow, browns)

**THE LEARNERS EVALUATED THE TRAINING PROGRAMME AS FOLLOWS**

Preparation and Course Content	
Excellent	Very Good
100%	%
	Good
	Fair
	Un satisfactory
	%

Comments:

- The course was well prepared and well structures and everything was explained in detail

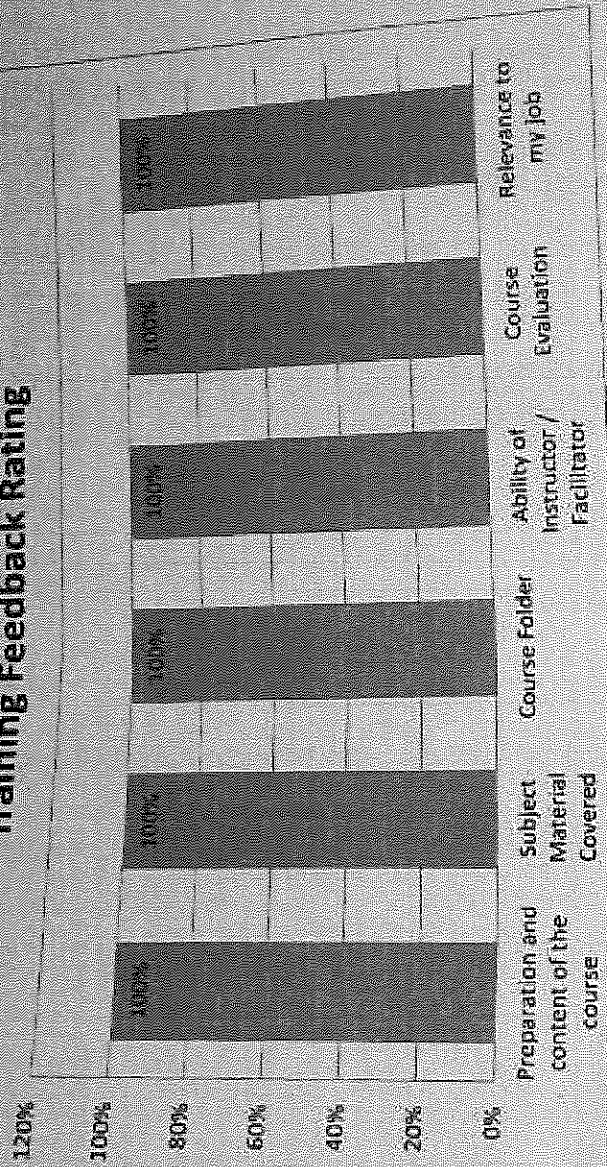
Subject Material Covered	
Excellent	Very Good
100%	%
	Good
	Fair
	Un satisfactory
	%

Comments:

Course Folder	
Excellent	Very Good

I have learned so much about diamonds and what I've learned will definitely applied in my work  
**OVERALL**

### Training Feedback Rating



### CONCLUSION

Thank you once again for the opportunity of providing you with a professional training solution. We hope to be providing you with more training in the future and building an on-going learning and development relationship with your organisation team.

Should you need any further information with regards to the feedback from the training

### PROGRAMME BACKGROUND

Michelle is working for Alexkor RMC JV and is the authorised representative for their company with regards to the selling of rough diamonds. She previously completed some basic sorting courses at DBSSEA (the initial programme) but has requested more training to improve her knowledge and skills. Training was scheduled from 24 March – 30 April 2014.

### OBJECTIVE AND OUTCOMES

The course is aimed at providing Michelle with an opportunity to embed the rough diamond sorting skills and knowledge she acquired during the initial programme – ensuring retention of the generic industry assortment that was introduced to her during previous interventions. The course will continue to offer the learner a basic knowledge and working skill of the following:

- Cut / Shape / Model
- Clarity / Quality
- Colour

Included in the training intervention is the Intermediate Manufacturing Course (IMC). It is intended to cover all theory regarding manufacturing and manufacturing outcomes, as well as a broad spectrum of mathematics, allowing learners to understand what various stones would produce upon cutting and polishing. It also gives a broad understanding of the financial outcomes using Rapaport as a general sellers list and using Sarin technology to confirm all actual markings.

To close the loop, a polished grading course was also scheduled.

### COURSE OUTLINE

- Revision of initial splits plus Near Gem/Industrial valuation sorting and identification of various models, qualities and colour
- Intermediate Manufacturing Course (IMC), explaining how diamonds will be considered for manufacturing, the divisional splits involved in decision-making, an introduction to Sarin (rough planning, machine & software), and how to interpret the



- Describe Fancy shapes: shape, appeal, symmetry and L.V. ratios
- Correctly apply Sarin for assessing cut and describe its benefits and limitations
- Read, understand and interpret information on certificates and recognize various grading laboratories and the high level differences between the well-known ones

### RECOMMENDATIONS

The Academy believes that Michelle has achieved everything that she set out for herself and that she gained valuable rough diamond sorting knowledge and a good understanding of polished diamonds

In order to support Michelle in her new-found knowledge and skills back in the workplace, it is suggested that she work with a coach/mentor or small group of people on different projects to embed the knowledge and find creative ways to bring it back in the workplace.

It is further suggested that Michelle, given the availability of resources, need to continue practicing looking at a variety of stones. This will give her the opportunity to remember what she has learned whilst in the Academy.



# Gemological Institute of America

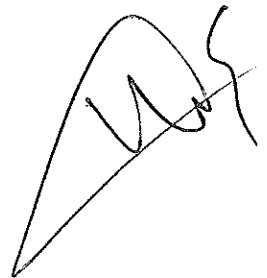
*Awards this Letter of Completion to*

*Michelle Adams*

*who has successfully completed the*

*Diamond Grading Lab Class*

*on August 21, 2015*

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

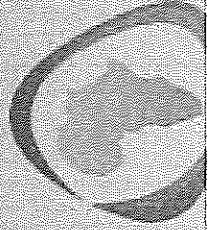
This is to certify that

**Michelle G Adams**

I.D. Number: 791231 0078 083  
Has Attended the

**Hazardous Materials  
Awareness Course**

14 November 2012  
Certificate Number: B20121186



S K I L L S

A handwritten signature or set of initials in black ink, located at the bottom right of the page.

Licence Number  
PR07840

FORM DAR

DIAMOND ACT, 1986  
(ACT 56 OF 1986) As amended

**Authorised Representative**

Issued in terms of section 52 of the Principle Act

**MICHELLE GORETTI ADAMS**

Issued to:

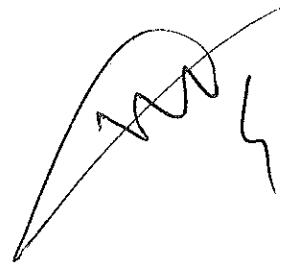
Identity/passport number

7912310078083

Entitled the holder to:

Sell unpolished diamonds on behalf of Alexkor RMC JV, a Producer

Conditions of Licence (if any):



DE BEERS  
GROUP OF COMPANIES

*Certificate of Competence*

This is to certify that

*Michelle Adams*

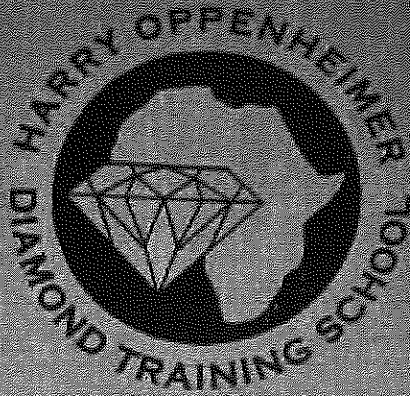
has successfully completed a

*Rough Diamond Evaluation Course*

From 24 March 2014 – 30 April 2014

and has been found competent in the following unit standards:





HARRY OPPENHEIMER DIAMOND TRAINING SCHOOL

*This is to certify that*

**MICHELLE ADAMS**

*has successfully completed  
a course in*

**ROUGH DIAMOND EVALUATION**

*at  
Harry Oppenheimer Diamond Training School*

Signed at Johannesburg on this

Day **19** Month **FEBRUARY** Year **2010**

*Koof ademy*  
PRINCIPAL

" MC25 "



RFP 03/14



Diamond Sales Summary Statistics							
Sale #	Stones	Carats	Average Stone Size	\$ Price	\$ per Carat	Exchange Rate	ZAR Price
#229	10 519	5 979,88	0,57	4 024 835,66	673,09	8,80	35 417 076,81
#230	11 891	4 956,56	0,42	2 450 584,37	494,41	8,90	21 800 528,51
#231	14 892	7 449,19	0,50	4 014 451,08	538,91	9,24	37 092 172,81
#232	14 233	7 899,40	0,56	4 794 605,65	606,96	9,06	43 445 316,88
#233	8 684	4 780,92	0,55	3 696 870,81	773,26	9,94	36 755 348,52
#234	8 251	3 740,85	0,45	2 192 435,62	586,08	9,85	21 616 499,57
#235	5 555	2 456,62	0,44	1 147 424,89	467,07	9,97	11 437 051,40
#236	7 795	3 799,90	0,49	1 748 058,60	460,03	9,80	17 148 652,84
#237	13 879	7 194,28	0,52	5 156 072,08	716,69	10,36	53 416 906,78
Average	10 627	5 361,93	0,50	3 247 259,86	590,72	9,55	30 903 283,79
#238	22 806	9 349,48	0,41	4 785 618,53	511,86	11,23	53 742 496,14
#239	17 286	7 033,86	0,41	3 666 885,91	521,32	10,76	39 447 595,73
#240	14 371	5 772,44	0,40	2 495 199,25	432,26	10,37	25 847 965,00
#241	17 463	7 480,79	0,43	3 494 119,98	467,08	10,72	40 566 889,16
#242	27 022	11 629,60	0,43	5 978 094,86	514,04	10,68	63 819 898,14
#243	34 211	11 125,15	0,33	4 569 465,88	410,73	11,10	50 695 723,72
#244	16 381	5 966,33	0,36	3 284 184,10	550,45	11,03	36 220 799,96
#245	13 594	7 591,88	0,56	6 248 589,76	823,06	11,00	68 728 201,41
#246	42 381	13 888,45	0,33	4 879 764,19	351,35	11,51	56 174 163,21
Average	22 835	8 870,89	0,41	4 377 991,33	509,13	10,93	48 360 420,06
#247	24 863	10 740,44	0,43	6 091 924,95	567,06	11,84	72 111 431,12
#248	13 277	6 278,15	0,47	4 014 333,70	645,05	12,01	48 637 189,49
#249	11 947	5 598,51	0,47	4 006 083,43	719,86	12,24	49 383 360,11
#250	9 168	4 277,37	0,47	2 400 265,53	561,15	12,61	30 264 184,02
#251	10 425	4 777,39	0,46	2 037 594,70	426,51	13,60	27 711 511,19
#252	9 769	4 514,33	0,46	1 815 199,93	402,10	13,77	24 997 662,72
#253	13 231	6 098,89	0,46	2 701 905,18	443,02	14,52	39 231 663,23
#254	9 392	6 435,19	0,69	4 401 599,97	805,97	15,52	85 682 351,14
#255	14 679	7 887,77	0,54	3 934 620,65	655,54	15,35	79 383 933,00
Average	12 971	6 290	0,49	3 489 280,89	580,70	13,61	50 812 031,12
#256	10 544	4 986,70	0,47	2 482 780,48	502,95	15,55	38 609 403,52
#257	39 890	21 535,41	0,54	9 604 593,49	446,64	14,91	143 411 519,66
#258	36 592	15 705,21	0,43	5 679 555,98	362,57	14,00	79 728 339,27
#259	15 630	6 816,80	0,44	3 676 472,48	541,66	13,63	50 318 984,55
#260	13 101	7 353,11	0,56	3 670 541,29	499,18	13,89	50 975 796,51
#261	12 083	6 572,78	0,51	3 268 949,35	497,35	13,55	44 294 948,66
#261 IMDSA	125 633	30 688,00	0,24	6 945 744,03	229,52	19,53	92 808 343,76
#262	8 428	5 142,99	0,61	3 481 844,36	674,10	13,39	46 407 779,50
Average	32 838	12 343,88	0,47	4 838 810,18	468,50	14,06	68 319 139,43
Total	736 109	360 944,97	0,49	15 933 342,26	44,20	12,44	198 399 874,39

Menachem  
Fusion  
Ssi



"MC 26"

Diamond Bourse Sales Summary Statistics							
Sale #	Stones	Carats	Average Stone Size	\$ Price	\$ per Carat	Exchange Rate	ZAR Price
#180	9 345	4 584,4	0,491	1 766 327	385,291	7,5	13 247 454
#181	15 308	8 068,87	0,527	3 846 913	476,76	7,099	27 309 238
#182	9 702	5 218,54	0,538	2 132 213	408,584	7,135	15 213 342
#183	6 888	4 078,01	0,592	2 771 559	679,635	7,198	19 949 683
#184	6 435	4 319,25	0,671	4 105 932	950,612	7,051	28 950 926
#185	3 328	1 840,29	0,553	1 044 016	567,311	7,164	7 479 331
#186	5 309	2 773,48	0,522	1 685 131	607,587	6,804	11 465 630
#187	2 241	1 095,98	0,489	791 193	721,905	7,256	5 740 896
#188	7 746	3 494,09	0,451	1 758 134	503,171	6,548	11 512 262
#189	5 312	3 344,84	0,63	3 002 554	897,667	6,817	20 468 411
#190	4 600	2 542,17	0,553	3 709 302	1 459,109	7,016	26 024 463
#191	6 184	3 581,67	0,579	2 914 119	813,62	7,938	23 132 277
#192	5 878	2 998,36	0,51	2 018 882	673,329	7,846	15 840 148
#193	4 503	2 063,45	0,458	1 796 783	870,766	7,642	13 731 021
#194	4 562	2 774,17	0,608	2 934 745	1 057,882	7,633	22 400 909
#195	7 363	3 711,33	0,504	1 992 089	536,759	8,297	16 528 361
#196	5 218	2 870,65	0,55	1 134 141	395	9,86	11 182 551
#197	6 510	3 243,54	0,498	950 426,29	293,021	10,2	9 694 348,158
#198	7 610	6 035,6	0,793	3 265 152,81	540,982	9,89	32 292 361,291
#199	8 357	4 092,31	0,49	1 417 359,45	346,347	9,34	13 238 137,263
#200	6 137	3 421,76	0,558	1 374 880,56	401,805	8,425	11 583 613,121
#201	5 521	2 043,73	0,37	941 343,077	460,601	8,08	7 606 052,059
#202	9 010	3 466,33	0,385	1 083 779,302	312,659	7,758	8 408 159,946
#203	7 183	1 803,75	0,251	2 367 377,02	1 312,475	7,33	17 352 873,557
#204	7 229	4 874,75	0,674	3 897 649,56	799,559	7,81	30 440 643,064
#205	9 439	5 460,48	0,579	4 636 351,8	849,074	7,55	35 004 456,09
#206	8 095	6 545,12	0,809	6 234 080,894	952,478	7,69	47 940 082,077
#207	3 327	1 831,92	0,551	1 058 270,421	577,684	7,42	7 852 366,522
#208	4 704	2 595,8	0,552	1 484 521,19	571,894	7,46	11 076 904,39
#209	4 761	1 688,49	0,355	1 958 887,68	1 160,142	7,637	14 959 982,755
#210	10 701	6 924,36	0,647	4 250 971,72	613,915	7,443	31 637 997,138
#211	5 818	3 208,02	0,551	2 110 930,68	658,017	7,272	15 350 396,49
#212	7 434	3 910,92	0,526	2 132 815,89	545,349	6,785	14 470 870,49
#213	12 592	7 960,80	0,632	6 218 825,33	781,181	6,995	43 498 763,63
#214	11 499	8 088,70	0,703	8 648 156,40	1 069,165	7,313	63 247 086,71
#215	8 838	4 759,50	0,539	3 807 029,36	799,88	6,695	25 488 439,958
#216	4 701	4 220,79	0,897	2 813 338,25	666,543	6,957	19 571 465,54
#217	9 463	5 138,26	0,543	3 735 312,20	726,961	6,825	25 495 122,16
#218	10 701	2 898,31	0,271	2 030 500,20	700,581	6,796	13 798 743,854
#219	6 317	3 663,70	0,58	2 065 549,44	563,788	7,355	15 192 272,67
#220	6 242	3 286,82	0,527	1 882 587,76	572,769	7,974	15 012 258,675
#221	4 884	6 670,26	1,366	4 401 715,74	659,902	8,032	35 354 282,411
#222	10 862	5 666,17	0,522	3 267 155,83	576,607	7,699	25 153 835,545
#223	8 631	4 369,10	0,506	2 965 116,70	678,656	7,692	22 808 569,868
#224	5 746	3 203,65	0,558	2 184 217,15	681,79	8,004	17 481 981,646
#225	7 028	4 678,00	0,666	3 795 830,77	811,422	8,211	31 167 598,289
#226	4 324	2 265,68	0,524	1 387 971,40	612,607	8,218	11 406 995,771
#227	3 669	2 333,31	0,636	2 016 095,45	864,05	8,211	16 553 988,636
#228	4 990	2 652,82	0,532	1 505 039,37	567,336	8,773	13 204 422,209
#229	10 519	5 979,68	0,568	4 024 835,66	673,085	8,8	35 417 076,806
#230	11 831	4 956,56	0,419	2 450 584,37	494,412	8,896	21 800 528,51
#231	14 892	7 449,19	0,5	4 014 451,08	538,911	9,24	37 092 172,811
#232	14 233	7 899,40	0,555	4 794 605,65	606,958	9,061	43 445 316,879
#233	8 684	4 780,92	0,551	3 696 870,81	773,255	9,942	36 755 348,516
#234	8 251	3 740,85	0,453	2 192 435,62	586,08	9,86	21 616 499,574
#235	5 555	2 456,62	0,442	1 147 424,89	467,075	9,968	11 437 051,397
#236	7 795	3 799,90	0,487	1 748 058,60	460,028	9,8	17 148 652,84
#237	13 879	7 194,28	0,518	5 156 072,08	716,69	10,36	53 416 906,78
#238	22 806	9 349,48	0,41	4 785 618,53	511,859	11,23	53 742 496,14
#239	17 286,00	7 033,86	0,407	3 666 885,91	521,319	10,758	39 447 595,73
#240	14 371,00	5 772,44	0,402	2 495 199,25	432,26	10,365	25 847 963,00
#241	17 463,00	7 480,79	0,428	3 494 119,98	467,08	10,724	40 566 889,16
#242	27 022,00	11 629,60	0,43	5 978 094,86	514,04	10,676	63 819 898,14
#243	34 211,00	11 125,15	0,325	4 569 465,38	410,73	11,096	50 695 773,77
#244	16 381,00	6 075,33	0,371	3 284 184,10	540,58	11,029	36 220 799,96
#245	13 594	7 591,88	0,558	6 248 589,76	823,06	10,999	68 728 201,41
#246	42 381	13 888,45	0,328	4 879 764,19	351,35	11,512	56 174 163,21
#247	24 853	10 740,44	0,432	6 091 924,95	561,70	11,84	72 111 431,11
#248	13 277	6 278,15	0,473	4 014 333,70	639,41	12,01	48 637 183,49
#249	11 947	5 598,51	0,469	4 006 083,43	715,56	12,241	49 333 360,11
#250	9 168	4 277,37	0,467	2 400 265,53	561,15	12,609	30 264 184,02
#251	10 425	4 777,39	0,458	2 037 594,70	426,51	13,6	27 711 511,19
#252	9 769	4 514,33	0,462	1 815 199,93	402,10	13,771	24 997 662,77
#253	13 231	6 098,89	0,461	2 701 905,18	443,02	14,52	39 231 663,21
#254	9 392	6 435,19	0,685	1 401 599,97	683,99	16,52	85 682 351,14
#255	14 679	7 887,77	0,537	3 934 620,65	498,83	15,353	79 383 933,00
#256	10 544	4 936,70	0,468	2 482 780,48	502,95	15,55	38 609 403,52
#257	39 890	21 535,41	0,54	9 604 593,49	446,64	14,91	143 411 519,66
#258	36 592	15 705,21	0,429	5 679 555,96	362,57	14,002	79 728 339,27
#259	15 630	6 816,80	0,436	3 676 472,48	541,66	13,627	50 316 984,55
#260	13 101	7 353,11	0,561	3 670 541,29	499,18	13,888	50 975 796,51
#261	138 516	37 260,78	0,269	10 114 693,38	271,75	13,54	137 103 292,47
#262	8 428	5 142,99	0,61	3 481 844,36	676,94	13,84	48 183 547,50
#263 IMDH	203 293	50 433,74	0,248	11 833 304,87	234,74	13,109	155 192 761,13
#264	11 944	6 715,35	0,562	4 297 473,23	649,94	12,37	53 988 604,39

2 333,31

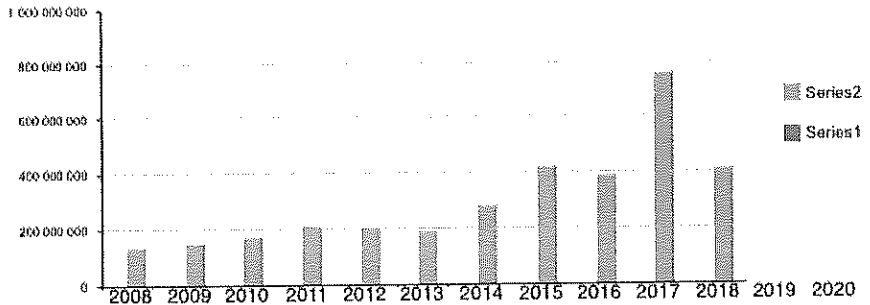
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#265	14 115	8 301,40	0,588	6 460 507,23	778,24	13,137	84 871 561,00
#265 IMDH	31 061	5 927,40	0,191	1 110 675,38	185,71	13,26	14 596 362,58
#266	6 986	4 138,11	0,592	4 135 567,16	999,39	12,998	53 753 797,20
#267	8 943	4 059,30	0,454	2 142 091,41	527,70	13,264	28 412 125,75
#268	8 376	4 053,67	0,484	2 302 385,34	568,78	13,508	31 144 103,48
#269	18 884	10 134,89	0,537	7 202 204,93	710,63	13,709	98 733 404,72
#270	10 663	5 177,83	0,486	3 063 930,15	591,74	12,198	37 373 451,79
#271	10 057	6 377,48	0,634	5 047 706,90	792,07	11,81	59 657 210,02
#272	10 511	5 708,50	0,543	4 716 458,20	826,50	12,53	59 117 585,06
#273	18 764	7 573,30	0,404	2 617 820,30	345,59	13,64	35 708 775,71
#274	21 260	7 639,46	0,359	2 437 318,02	319,22	13,42	32 726 851,32
#275	10 074	4 485,18	0,445	2 201 282,66	490,79	15,14	33 326 383,04
#275 IMDH	53 530	19 734,66	0,369	6 019 439,22	305,10	15,14	91 157 055,83
#276	19 037	7 602,60	0,399	2 964 025,97	389,78	14,49	42 947 369,71
#277	22 362	9 763,73	0,437	3 792 340,52	388,42	14,05	53 298 533,27
#278	9 296	4 154,08	0,447	2 250 011,90	541,64	14,13	31 750 711,93
#279	7 238	3 401,59	0,47	2 072 564,81	609,32	14,641	30 343 729,37
#280	9 380	4 359,78	0,465	2 399 214,19	550,31	14,34	34 405 137,72
#281	6 059	2 859,80	0,472	1 309 179,52	457,79	14	18 329 344,12
#282	4 096	1 786,75	0,436	648 218,36	362,79	15,16	9 829 592,18
#283	5 566	2 254,62	0,405	778 893,81	345,47	14,99	11 677 217,73
#284	4 832	2 188,27	0,453	988 306,89	451,64	14,623	14 452 337,46
#285	7 271	4 074,46	0,56	3 462 637,21	849,84	14,752	51 080 086,09
#286	4 204	3 328,87	0,792				
Total	36 306,80	12 659,40	0,49				

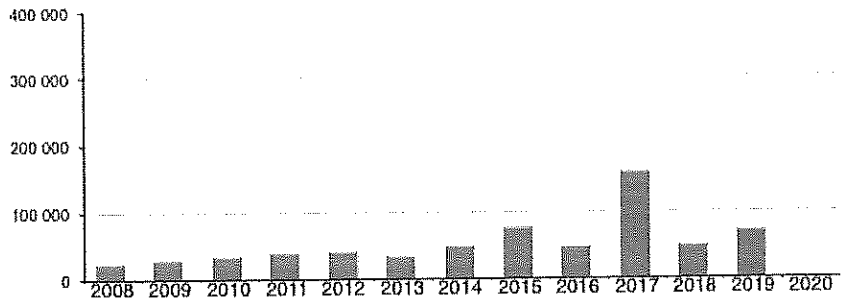
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2 142 096,53  
2 302 638,481  
7 202 204,928  
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5 051 414,904  
4 718 083,405  
2 617 945,433  
2 438 662,542  
2 201 282,655  
6 021 128,836  
2 963 931,657  
3 793 489,912  
2 247 042,599  
2 072 564,814  
2 399 215,34  
1 309 238,866  
648 389,985  
779 000,516  
988 306,89  
3 462 637,213

Alexkor FY 2008 - FY 2019 Diamond Revenue

Year	Carats	ZAR Revenue
2008	23 488,11	131 591 602
2009	27 278,77	144 801 976,449
2010	31 708,23	171 574 017,176
2011	36 209,01	202 094 368,125
2012	40 672,91	197 874 990,68
2013	33 518,89	184 124 764,678
2014	46 255,31	276 629 053
2015	74 304,08	414 165 119,759
2016	45 867,6	385 241 848,936
2017	155 900,09	757 510 249,005
2018	48 170,08	408 542 016,521
2019	70 065,1	410 376 995,225
2020		
<b>Total</b>	<b>633 438,18</b>	<b>3 684 527 001,555</b>



Alexkor FY 2008 - FY2019 Carats Sold



"MCZ7"

WEBBER WENTZEL

In alliance with > Linklaters

To  
Mervyn Carstens

## MEMORANDUM

From  
Selwyn Hockey

Your reference

Our reference

Date

3022052

26 January 2018

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Dear Mervyn

### NON-RENEWAL OF CERTAIN SHALLOW MARINE CONTRACTS

#### 1. Introduction

1.1 On or about 7 December 2017, the management of the Pooling and Sharing Joint Venture ("PSJV") (ie the joint venture between Alexkor SOC Ltd and the Richtersveld Mining Company (Pty) Ltd) informed certain contractors that their shallow marine contracts will not be renewed, following a decision by the Joint Board of the PSJV. The affected contractors are Ocean Diggers CC, Malakaza Diamonds, and Rabsol ("the three Contractors").

1.2 We confirm that we have been briefed to consider whether the Joint Board of the PSJV were reasonably justified in reaching the decision not to renew the shallow marine contracts of the three Contractors.

#### 2. Background to the decision of the Joint Board of the PSJV

2.1 We are advised that the PSJV had sourced out shallow marine mining to various contractors, all of whose contracts terminated due to effluxion of time, either toward the end of 2017 or early January 2018. As a result, during 2017, the PSJV engaged in a tender process for the purposes of awarding shallow marine contracts to eligible contractors. We were not involved as legal counsel during this process, however, we are advised that this process included considering whether to "renew" the contracts of those entities who had previously been awarded shallow marine contracts. The three Contractors were previously awarded shallow marine contracts following a tender process. As aforesaid, these initial contracts would have expired between December 2017 and January 2018.

2.2 We are furthermore advised that the three Contractors complied with and satisfied the technical tender requirements for the renewal of their respective contracts with the PSJV. Notwithstanding this, the Joint Board of the PSJV were of the view that it would not be in the best interests of the PSJV to renew the shallow marine contracts with the three Contractors given the irretrievable breakdown of the relationship of trust between the PSJV and the three Contractors.

**3. Irretrievable breakdown of the PSJV's relationship with the three Contractors**

3.1 Clause 8.7 of the shallow marine contracts, which is a standard contract with all the shallow marine contractors, reads as follows;

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

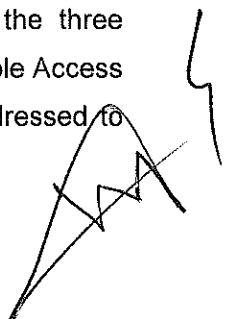
Furthermore, clause 25.2 provides;

*"Notwithstanding any other provision of this Agreement, the PSJV shall be entitled to terminate this Agreement forthwith on notice if:*

25.2.1 the Contractor (i) acts in a manner that prejudices, (ii) attempts to prejudice the reputation of the PSJV, Alexkor or RMC"

The present matter may not concern the termination of contracts due to breach of the above clauses, but we are of the view that it is not unreasonable that such breaches be taken in consideration when considering the extensions or renewal of the contracts.

3.2 We had previously been briefed to respond to and consider various letters addressed to the management of the PSJV by key employees of the three Contractors. These letters were often written on the letterheads of the three Contractors. The three Contractors form part of a group called the Equitable Access Campaign ("EAC"), and on occasion the correspondence has been addressed to



the PSJV on the letterhead of the EAC. These letters were furthermore often widely circulated to the wider community surrounding the area where the PSJV operates and spanned over the course of the last year, with increasing intensity. Having considered these letters in detail, we note that:

- 3.2.1 the tone and content of these letters by the three Contractors had the effect of casting aspersions as to the credibility of the management of the PSJV;
- 3.2.2 various defamatory and untrue allegations of state capture were raised in correspondence, particularly against the CEO of the PSJV. Similar allegations that Alexkor is "captured" was also made;
- 3.2.3 In this regard, in a letter dated 24 October 2017, we reminded Ocean Diggers CC, one of the three Contractors, of its obligation so as to prevent a breach of this provision of the shallow marine contract (in particular clauses 8.7 and 25.2 dealt with above);
- 3.2.4 despite the above reminder, Mr Gavin Craythorne of Ocean Diggers CC as well as the key personnel of the other two of the three Contractors persisted with its prejudicial conduct towards the PSJV, and continued to impugn the reputation of the PSJV and its management.
- 3.3 We are furthermore aware that the CEO of the PSJV received death threats as a result of the various untrue and defamatory allegations which had been circulated to the wider surrounding community. We are advised that the false derogatory and malicious statements made by the employees of the three Contractors are directly the cause for these death threats.
- 3.4 The nature of the relationship between contracting parties, particular in the diamond mining industry, requires trust and for the parties to act in utmost good faith towards each other.
- 3.5 We are advised that the conduct of the relevant key employees of the three Contractors has created discord between the local community and the PSJV and has irrevocably disturbed the harmony of the PSJV's commercial relationship with the three Contractors. We are furthermore advised that the PSJV's commercial relationships with the concerned key personnel of three Contractors and as a result

also with the three Contractors have deteriorated to such an extent that there is no trust between the parties. As a result, there has been a complete breakdown of relationships between the PSJV and the three Contractors, given that these commercial relationships cannot continue where there is distrust.

- 3.6 We are furthermore informed that there will be adverse practical implications for the PSJV in continuing these commercial relationships with the three Contractors, having regard to the nature of the relationship between the PSJV and its contractors. The PSJV is required to entrust certain functions to its contractors. The PSJV, by virtue of its management, cannot be assured of the manner in which these functions are being carried out if it distrusts its contractors and if it suspects that its contractors are acting in bad faith. Similarly, the past conduct of the key personnel of the three Contractors is also indicative of their lack of respect for, and trust in, the management of the PSJV. Ultimately, the management and business of the PSJV will be affected if the contractors carry out their functions in bad faith and/or with ulterior motive.

#### **4. Decision by the Joint Board of the PSJV**

- 4.1 In the result, we are of the view that the Joint Board of the PSJV acted reasonably and justifiably in their decision not to renew the shallow marine contracts of the three Contractors. This, having regard to the nature of the relationship between the PSJV and its contractors generally (which requires trust and the utmost good faith in their dealings with one another) and the manner and extent to which its relationship with the three Contractors has deteriorated.
- 4.2 This decision is furthermore reasonable and justifiable given that it is, objectively, in the best interests of the PSJV not to renew the shallow marine contracts of the three Contractors.

