

DEED OF SETTLEMENT

Between

THE RICHTERSVELD COMMUNITY

and

ALEKKOR LIMITED

and

THE GOVERNMENT OF
THE REPUBLIC OF SOUTH AFRICA

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7. TOWNSHIP ESTABLISHMENT

7.1 The parties agree to formal township establishment in terms of the Northern Cape Planning and Development Act, 1998 (Act 7 of 1998) in respect of the existing Alexander Bay Village on a portion of the Remaining Extent of Farm 1 and a portion of Farm 625, which portions will be subdivided from the said properties and consolidated into a new cadastral unit on which the formal township of Alexander Bay is to be established, all at the costs of the State through Alexkor.

7.2 It is recorded that to enable such township establishment to take place, municipal engineering services have to be upgraded to municipal standards and that the Richtersveld Local Municipality is to take over such services and to fulfil all functions which a local authority has to fulfil in law and in practice in respect of the provision of engineering services and other public services in the formally established township of Alexander Bay.

7.3 It is further recorded that the following matters have been agreed

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upon between Alexkor and the RVC:

7.3.1 the township boundaries or outline of the portions of land on the said properties on which the township of Alexander Bay is to be established, as indicated in the plan "Alexander Bay Town: Figure 5 (Revised June 2006): Subdivision Plan and Zoning" a copy of which is attached as annexure "F" hereto; and

7.3.2 the township layout of Alexander Bay township as indicated on annexure "F" hereto.

7.4 It is recorded that a township application has been submitted by Alexkor to the Richtersveld Local Municipality for its consideration, who has approved thereof in principle.

7.5 The parties further agree that certain erven within the established township of Alexander Bay will be transferred by Alexkor as owner to various social institutions and government authorities and bodies in order to normalize social and governmental

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structures within the township of Alexander Bay, which include the following:

- 7.5.1 Land which will vest in the Richtersveld Local Municipality by virtue of section 52 of the said Act 7 of 1998, namely public streets and public places;
- 7.5.2 Erven which will be needed by the Richtersveld Local Municipality for municipal purposes;
- 7.5.3 Erven on which schools and educational amenities are situated to the Northern Cape Department of Education, or relevant department empowered to hold such land;
- 7.5.4 Erven on which churches are situated to the relevant church institutions; and
- 7.5.5 Erven on which houses or buildings or amenities of Government departments are situated to such Government departments such as the Northern Cape

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Department of Education, South African Police Service
(or relevant departments empowered to hold such land)
and Eskom.

- 7.6 The parties have agreed, with reference to annexure "F" hereto, that restoration of the erven as per annexure "G" hereto, with the houses or other improvements thereon, will take place to the RVC and that such erven are to be transferred by Alexkor to, and held by, Property Holding Co.
- 7.7 The parties further agree that in order for future mining activities to take place on the present land and sea mining areas it is necessary that security of accommodation be created for Alexkor and to that end the parties agree that the residential erven indicated on annexure "G" as read with annexure "F" hereto within the formally established Alexander Bay township, will be transferred to Property Holding Co subject to the retention by Alexkor of the right of occupation of the properties in question for a period of 10 years against the payment of an award of compensation as contemplated in item 64A of Schedule 8 to Act

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58 of 1962, in an amount of R45-million, which right retained by Alexkor will be to use and let the properties as though it were the owner thereof for the said period, the said right in favour of Alexkor to be reserved in the title deed or title deeds on transfer of the said properties to Property Holding Co, or endorsed against the said title deed or title deeds, whichever method may be appropriate. Alexkor will undertake as against the Richtersveld Local Municipality to pay such property taxes with respect to the said properties and for the said period, as though it were the owner of the said properties. Alexkor undertakes as against the Property Holding Co to pay and shall be liable for all expenses, maintenance and repairs with respect to the said properties for the aforesaid period, including without limitation, both the interior and exterior of the buildings on the properties, it being the intention of the parties that Alexkor shall bear all costs and/or expenses in respect of the properties and the management thereof as if it were the owner thereof.

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7.8 For purposes of clause 7.7:

7.8.1 "expenses" shall mean all those disbursements and operating expenses, charges and fees in respect of the properties which are occasioned by the ownership, possession or operation of the property, including but not limited to, maintenance, rates, levies and any other charges levied in respect of the properties by any government, provincial, municipal or other local or statutory authority, any interest or penalty due for the late payment of any of the foregoing (hereafter collectively referred to as "rates and taxes"), insurance of the properties; electricity, water and service charges and the like; all amounts charged in connection with the supply of any of the foregoing, including but not limited to payment of connection fees, deposits and the like;

7.8.2 "maintenance" means everything which is required to be done in order to enable Alexkor to return the properties to Property Holding Co on the termination of the said ten

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year period in the condition they were in at the date of transfer thereof to Property Holding Co, fair wear and tear excepted. This includes, but is not limited to, making good any structural or other defects in the properties which may manifest themselves after the final settlement has been made an order of court and thereafter during the currency of the ten year period, and general daily upkeep, that is, everything short of "repairs" as defined hereunder;

7.8.3 "repairs" means everything which is required to be done in order to achieve the same goal as that envisaged in the definition of "maintenance", but which requires more labour and more expense than maintenance.

7.9 The parties furthermore agree that the commercial or retail or industrial properties within the township of Alexander Bay, indicated on annexure "G" as read with annexure "F" hereto, will be transferred by Alexkor to Property Holding Co subject to existing contracts of lease so as to avoid commercial disruption, but that at the termination of such leases, Property Holding Co

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will be free to let such properties at its discretion.

7.10 The State through Alexkor undertakes, at its cost, within the period set out in the services agreement with the Richtersveld Local Municipality, to upgrade the municipal engineering services in the township of Alexander Bay to such municipal standards as are agreed upon between Alexkor and the Richtersveld Local Municipality in a services agreement to be entered into between them as part of the township establishment process.

7.11 Alexkor agrees to transfer such equipment as is presently used for the maintenance and upkeep of the Alexander Bay Village to the Richtersveld Local Municipality on such terms and conditions as may be agreed upon in the said services agreement and to render such assistance to the Richtersveld Local Municipality during a transition period, as may be agreed upon in the said services agreement.

7.12 The parties agree that after subdivision, the harbour (as indicated

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on annexure "H1" with the letters A, B, C, D and E) and the Old HMS Plant (as indicated on annexure "H2" with the letters A, B, C, D, E and F) will be transferred to Alexkor, and the airport (as indicated on annexure "H3") and border post (as mentioned on annexure "H4") will be transferred to the appropriate authority together with such equipment as may be agreed upon between such authority and Alexkor.

7.13 The land upon which the Alexander Bay township is established will be excised from the mining area of Alexkor.

7.14 The parties further agree that all mining infrastructure, buildings, offices, residential complexes or compounds, structures, workshops, roads, pipelines, electrical and water reticulation lines and pipelines, fences, substations, equipment, pumps and everything erected or to be erected for or in connection with marine and land mining activities, on the land to be transferred to the CPA or Property Holding Co, as the case may be, and situated within the mining area of Alexkor (and on transfer of the land mining rights as contemplated in clause 8 below, on the

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mining area of RMC) may be used:

7.14.1 by Alexkor as part of its land mining activities and marine mining activities, pending the transfer of the mining rights with respect to the land, to RMC;

7.14.2 by Alexkor as part of its marine mining activities in the Pooling and Sharing Joint Venture (PSJV) referred to in clause 8 with RMC after transfer of the land mining rights to RMC;

7.14.3 by Alexkor as part of its marine mining activities after dissolution of the PSJV;

7.14.4 by RMC and Alexkor in the PSJV; and

7.14.5 by Alexkor should the PSJV fail as contemplated in clause 8.4.5 and transfer of the land mining rights not take place,

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without payment of any rental or other compensation for the use thereof, to the CPA or Property Holding Co or RMC, as the case may be.

8. MINING RIGHTS

8.1 The parties agree that the RVC, through its shareholding in RMC should acquire the mining rights pertaining to the exploitation of diamonds on land in the mining area of Alexkor and in addition that Alexkor grants a right of pre-emption in respect of the mining rights pertaining to the exploitation of diamonds in the marine areas which vest in Alexkor, all on the basis as set out hereunder.

8.2 It is recorded that Alexkor holds an old order mining right as contemplated in the MPRDA on the land in respect of which mining authorisation ML33/93 was granted to it by the Minister of Minerals and Energy in terms of section 9 of the Minerals Act, 50 of 1991, and in respect of which it held the common law rights to precious stones under Certificate of Mineral Rights

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