

From: "Alistair Ruiters" <aruiters@ehlobo.co.za>

To: "Kon. Miki (SCR)"

Date: 6/9/2008 3:05:00 AM

Subject: FW:

From: Rafique [mailto:rbagus@ehlobo.co.za]

Sent: 07 June 2008 10:15

To: 'Alistair Ruiters'; 'Glady Reuben'; surenn@enzoclothing.co.za; shail@niven.co.za

Cc: 'Lee Samuels'

Subject:

Hi Alistair,

As promised, i am responding to the email you sent to Danko, Willem Bane etc. Apologies for the delay, but trying to get everything sorted before my trip proved quite challenging. The recent letter from Danko also further challenged my day yesterday. In the light of the letter from Danko i am not sure how important this is but i will provide details as promised anyway. I have copied Glady, Shail and Suren on the note because we need to make a joint decision as ER on how we proceed. I have also again copied Lee as he is the Shareholder Representative and Trustee of BFT.

1. As i indicated, i do not agree with the breakdown of our shareholding in Batho you provided to Danko, Willem, Bane etc. I raised this at our Batho Barena Board meeting as well as at the function in Middelburg.
2. As the agreement currently stands, ER owns 14% of KSA and i own 42, 5% thereof which translates to 6% of KSA.
3. From the time we had to sign the back to back agreement awarding 5% of the equity to KBVI/Danko, i indicated my discomfort with this. I did this at several strategy sessions with Isack and meetings we held.
4. I have always stated that KBVI cannot want to have the benefit of a 28% BEE partner publicly and at the DME and then ask us to return 5% in the manner they have. De facto we are fronting for them.
5. We learnt that at the last board meeting that Malta has issued a dividend. You confirmed to me that Danko has taken \$70m for himself. I asked the question to our entitlement to 4% of the economic interest in Malta and you indicated that this won't happen.
6. We have been promised some cash from Malta since December 2006 when the accounts were going to be consolidated. We were then told the accounts would be consolidated in June 2007. June 07 has also come and gone. Each time we are stonewalled, only to find out in the board meeting and then your confirmation that Danko has taken \$70m from Malta for himself.
7. This transactions has continuously changed over time. The current issue with Nawal is in part a result of all the changes KBVI have tried to make. KBVI's attempt to get additional equity from the broad-based grouping in the manner that was used is a further example of the constant changes being made. As i indicated in the Batho Board meeting, we have unfortunately been used by Danko to achieve these objectives. The recent letter again is confirmation of how he constantly tries to change things in his favour, particularly when he is not happy with a situation. My earlier note to you on the letter to BB is self explanatory. I would like to request that you urgently get a suitably resourced law firm from one of the big names to deal with this on behalf of ER first thing on Monday morning please. Given the short timeframe given to us by Kermas, i think you should send a letter along the lines i outlined in my email yesterday and then try to get a legal opinion before the meeting on Tuesday. I have sent some suggestions on law firms but you are welcome to use any other of the big law firms, preferably in Sandton. Given the gravity of the matter i believe we must ensure that we have appropriate legal representation. In this case i think a big firm like Hofmeyers or any other is suitable. You know the saying, 'you cant go to a gun fight with an ou kappie'. i

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think we are in a gunfight.

8. On the equity split in ER and its holding in BB, this must be based on 2 above.

In terms of the separation between us, going forward I would like to make the following proposal. Please give me your thoughts and input.

I would like us to please make a public announcement, by mid June indicating that I am going back to CT and we are formally splitting. We can say that the assets we jointly hold will continue to hold until they can be separated commercially or otherwise. I will try to work on something which i will pass on to you when i return.

It is probably necessary to say that you will maintain the Ehlobo name for future deals and I have set up Morning Tide Investments.

As I indicated I will work on coal, attending the ops meetings, Sylvania and SAFALCO. I will come down once every two weeks to meet with management and deal with issues that may need attention. If necessary I will come down more frequently if there are urgent matters to attend to or meetings to attend.

In terms of the assets, I think we should freeze those we have to hold together namely Batho and Karibo. We should jointly brief a firm of attorneys about what outcome we are seeking and give them time to work on this.

I say this because we have several people working on the same matter and we are getting conflicting advice. You have briefed the Pretoria Attorneys and more recently Williem. I am not sure on whose behalf Willem is doing this or who is paying the bill. I assume Danko, which is little concerning to me. We also have an option from Wes which says the separation can happen based on some pref share structure, but this has not been followed up yet. Unfortunately, Wes does not have the time so can't be involved going forward. We should therefore probably put something down in writing jointly and then jointly brief a set of attorneys. Any advice they give us must be confirmed by SARS in writing so that we don't go down a track only to find we have incurred a huge CGT liability. Unfortunately I have not met the new attorneys or been to any of the briefing meetings. They may well be the right guys, but I would like to have the opportunity to meet them and be comfortable that I believe they are working in both our interests.

I will await your document on how to deal with the infrastructure required to maintain what we hold jointly, staff required for this, management fees (if there still are any) etc. I am sure I have left out quite a bit of stuff which you could add in.

Sorry i am not here during this challenging time. My trip was planned long in advance and i have several high level meetings set up which took over a month to set up. I don't think my absence is going to make that much of a difference as i have briefed Lee who will attend on my behalf. i have kept him abreast of developments for some time and tried to brief him as much as possible. In any event i think the first step is going to have to get the legal opinion urgently and respond accordingly. i will be available on my cell if you need to chat urgently.

Adios

rafique

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