W3

WITNESS STATEMENT
&
ANNEXURE

FOR

MADODA JOHN JIYANE

JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE

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IN THE JUDICIAL COMMISSION OF INQUIRY INTO THE ALLEGATIONS OF STATE CAPTURE BEFORE DEPUTY CHIEF JUSTICE ZONDO

("the Commission")

HELD IN JOHANNESBURG

STATEMENT BY MADODA JOHN JIYANE

I the undersigned,

MADODA JOHN JIYANE (called "Benny")

do hereby state that:-

1. I am an adult male entrepreneur and currently a shareholder and director of SVI and SME (amongst other directorship), both companies involved in the engineering, steel and defence industries.

BACKGROUND

2. I was involved as an activist, opposing apartheid, during my school years and began a degree in accounting (B Com) in 1983 at the University of Zululand. In 1984, due to my anti-apartheid activities, I was expelled from the university and this ban prevented me from attending any university in South Africa.

3. I tried to register to complete my degree through UNISA but was unable to do so.

4. In 1985 I was offered a position at Barloworld, where I started training as an in-house accountant. I moved through various divisions within Barloworld (formerly Barlows Limited Group), while undergoing internal training in the field of accounting.

5. In 1992, I was head-hunted by Anglo American and went to work for them as an accountant, financial manager, and was later promoted to General Manager. During that period, I managed to study and graduated for a Management Advancement Programme (MAP) through the University of the Witwatersrand (Wits).

6. During 1996, Barloworld asked me to come back and work in the Barloworld Robor Steel division, which I did. I was appointed as Financial Director and later promoted to General Manager and then Managing Director of different divisions, eventually, in 2004 being promoted to head of Shosholoza Steel Supplies (Pty) Ltd ("**Shosholoza Steel**"). Due to Barloworld unbundling their steel division, they sold off Shosholoza Steel. I became a shareholder of this entity, which we bought out of Barloworld. There were 5 (five) shareholders of Shosholoza Steel in total. The company was a relatively small operation in the steel industry and relied 100% (one hundred percent) on the supply of certain types of second-hand steel from Barloworld. This created issues regarding potential expansion and profitability and, it was clear that the company could not really support 5 (five) operational shareholders.

7. It was at that stage that I met **Gary Bloxham** ("**Bloxham**"), who was a customer of Shosholoza Steel. Bloxham had an association with **John Van Reenen** ("**Van Reenen**"), of **Van Reenen Steel**, where they had formed a company together called **VR Laser Services (Pty) Ltd** ("**VRLS**"). Bloxham began speaking to me about me leaving Shosholoza Steel and acquiring shares in VRLS.

MY INITIAL INVOLVEMENT IN VR LASER SERVICES (PTY) LTD

8. As stated above, during 2007 Bloxham suggested that I acquire a shareholding in VRLS, a company which specialised in the cutting and bending of armour plate and steel. We approached Standard Bank and structured a transaction whereby my wife, Esther Ntomb'futhi Jiyane ("**Esther**") and I acquired a 30% (thirty percent) share in VRLS. For strategic reasons, the shares were subsequently issued in my wife's name. We are married in community of property and we were therefore the joint owners of such shares, regardless of whose name appeared on the share certificates.

9. The transaction was structured by Standard Bank, on a model they called the "Newco Model" which was a very popular BEE financing model in those days.

10. This entailed the formation of a Newco. My wife and I acquired 30% (thirty percent) of the shares in the Newco, with Bloxham and Van Reenen acquiring the rest through Oldco, which entity became the 70% (seventy percent) shareholder of Newco. Newco acquired 100% (one hundred percent) of the business and assets, including the right to the name and

all trademarks and names, as a going concern, from VRLS, for a purchase consideration, as valued by Standard Bank, which was somewhere in the region of R270m.

11. R81m (30% of the above R270m) was financed by Standard Bank, on a loan repayable over a period of 5 (five) years. Newco then changed its name to VRLS and the Oldco changed its name to VRLS Investments. Bloxham and Van Reenen remained the sole shareholders of VRLS Investments, with VRLS Investments being the 70% shareholder of VRLS.

12. The reason that the business was valued so high by Standard Bank, at the time of the transaction, was due to various contracts that the company had acquired in the defence industry, particularly in respect of the cutting and bending of armoured steel and the manufacture of various armoured platforms (hulls) for use by the US military, during the Gulf War. The main supplier of these platforms to the US military, at the time, was BAE Land Systems. VRLS had been awarded a major contract with BAE Land Systems, to supply these platforms.

13. In terms of this structure, the R81m was paid to VRLS Investments (of which Bloxham and Van Reenen were the only shareholders), as part of the purchase price of the business and assets bought as a going concern and the balance, of about R200m, was structured as a loan owing from Newco (now VR Laser Services (Pty) Ltd) to VRLS Investments (Oldco). This loan accrued interest at, I believe, prime plus 2% (two percent).

14. The transaction was concluded, and I began working full time, as marketing director of VRLS, from the 1st April 2008. Esther was appointed

as a non-executive director. At that stage VRLS was the only steel processing business in South Africa which had the ability and capacity to cut and bend armour plate steel, having fully functional state of the art laser cutting machines.

RE-BUILDING OF VR LASER SERVICES

15. I began building the business to grow its markets and reduce its dependency on BAE Land Systems, as this work was dropping off much faster than anticipated due to the US military looking to source from US suppliers. I specifically marketed VRLS's abilities and capacity to the likes of Mechem (which was a subsidiary of Denel Group), Denel Land Systems ("**DLS**"), Barloworld, Special Vehicle Innovations (Pty) Ltd t/a SVI, Paramount Land Systems, ICP Reeva, Ashok Leyland India and Al Jaber in the UAE.

16. Part of Mechem's business was to buy and refurbish used Casspir APC stock and prepare them for their de-mining operations. During that stage, as the Casspir refurbished stock was running low, VRLS was commissioned by Mechem, to assist in the reverse engineering of the Casspir. VRLS then began manufacturing certain parts and the Casspir hull for Mechem.

17. Denel subsequently consolidated sections of its operations and through this process Mechem became part of DLS, so VRLS became better known at DLS, in particular in respect of VRLS's capacity and specialised capabilities.

18. I had developed and built the business of VRLS, which had expanded fairly substantially, such that the bank loan had been paid off well under the 5 (five) years and we had to look for new premises.

19. Towards the end of 2011, we found new premises in Boksburg, measuring 36 000 (thirty-six thousand) square meters, which was well suited for the operations. We moved in at the end of 2011. The premises were purchased by VRLS Investments, in an entity called Inyathi Plate Processing (Pty) Ltd (which, I believe, later changed its name to VRLS Properties (Pty) Ltd) and financed with a bond from their bankers. Esther and I were not able to participate in that transaction at that stage as we did not have the capital required.

20. Just prior to this, my wife and I had sold 4.9% (four and nine tenths percent) of our shares back to VRLS Investments, because we had some personal cash flow issues around our children's educational needs. Our shareholding in VRLS was therefore 25.1% (twenty-five and one tenth percent).

21. We arranged a re-launch of VRLS for the new premises, which launch took place at the beginning of 2012. In our marketing strategy we took this opportunity to invite all major industry role players. At the launch we demonstrated VRLS's unique expertise, abilities and capacity, in the hope of attracting new business.

22. Pursuant to the launch, various potential customers became actual customers, including LMT.

23. Towards the middle of 2012, my wife and I became fairly despondent in respect of our involvement in VRLS. The reason was that I had worked so hard to grow the business and although the bank loan had been repaid in full, there was still the R200m (plus interest) vendor loan that VRLS owed to VRLS Investments, which was growing due to the interest rate. I was earning a decent salary but did not see how VRLS was ever going to be able to repay the vendor loan. That was a major issue with many of the "Newco model" structured BEE deals.

DISPOSAL OF BLOXHAM AND VAN REENEN'S STAKE IN VRLS INVESTMENTS AND VRLS PROPERTIES

24. Due to the above issue, I began negotiating a reduction of this loan with Van Reenen and Bloxham. I raised the fact that the value was based on projected sales of platforms to BAE, many of which had not materialised due to BAE Systems losing some contracts with the US military.

25. Through the process of these negotiations, Van Reenen and Bloxham advised that they were in fact sellers and that Esther and I could purchase their shares and the vendor loan (however we wanted to structure it) for R120m (one hundred and twenty million Rand) in total. This we thought was a very decent offer and we set about trying to find the funding for such a transaction. As Standard Bank had been happy to fund the purchase of 30% for R81m we thought that they would willingly fund the purchase of the 74.9% (seventy-four and nine tenths percent) , of a company which had grown in value, for R120m. However, they were not interested in the transaction. We also approached the IDC and other potential funders, but

the economic climate was not great and none of them would approve the funding.

26. Bloxham and Van Reenen were getting agitated, as the proposed deal was not materialising, so I began looking for potential partners to do the transaction jointly with us. Van Reenen had indicated that they had some foreign investors who were interested in buying their shares and that, if we did not close the deal soon, they would sell to them and invoke the "come along" clause in our Shareholders agreement. I had spent so much time and energy in building VRLS and did not want to lose it. Out of desperation, I approached various entities and people, including SSAB (our major steel supplier) and Denel, to see if they would not either fund our purchase or partner with us in respect of such acquisition.

27. Towards the end of 2012 I had discussions with **Riaz Saloojee** (**"the CEO"**), **Zwelakhe Ntshepe** (**"Zwelakhe"**) and **Stephan Burger** at Denel. These persons were not all together at one time, as I had separate discussions with them over a period of time. They all agreed that VRLS was critical to and should remain as South African owned. However, the discussions did not go much further at that stage.

INTRODUCTION OF ESSA TO VRLS/VRLS INVESTMENTS & VRLS PROPERTIES

28. In February 2013, VRLS had an exhibition at the IDEX show, held in Abu Dhabi (UAE). Denel were also exhibiting there. Zwelakhe approached me, referred to our prior discussions about me looking for co-investors to buy out Van Reenen and Bloxham and introduced me to **Salim Essa** (**"Essa"**),

of Essar Capital. I had a brief discussion with Essa, and we agreed to meet back in South Africa once we had returned.

29. I did some internet searches on Essar Capital and it appeared to be a legitimate company, with Essa as a director and shareholder. He arranged to meet with me at his office in Melrose Arch, Johannesburg.

SALE OF VR LASER SERVICES SHARES TO SALIM ESSA & VRLS PROPERTIES SHARES TO SHARMA

30. At the meeting at Melrose Arch in South Africa, which took place towards the end of February or early March 2013, I met with Salim, as the owner of Essar Capital and he introduced me to a gentleman by the name of **Iqbal Sharma** ("**Sharma**"). I was advised that they worked together. Salim was relatively young and conceited, and I got on better with Sharma.

31. I discussed what I wanted to achieve, I advised that we wanted to increase Esther and my shareholding and buy out Van Reenen and Bloxham. I wanted to continue to run the company and continue to market and grow it. I wanted the investors to come in as my new partners, to add value and assist me to grow the business.

32. The concept of the price parameters were broadly discussed as well as the increase of our share from 26% to 30%, with an understanding that I could earn additional shares, through my performance over the next few years. It was agreed that I would operate as the CEO going forward.

33. My understanding was that Essar Capital, or its nominee, was going to be the investor and a shareholder. Essa and Sharma referred me to two

gentlemen at Ernest and Young, who they said were their investment advisors and that they would assess and value the shares and negotiate the transaction on their behalf.

34. Esther and I contacted our attorneys, **Patrick Daly**, from DMO Inc (who were also VRLS's attorneys) and arranged the meeting at Ernest and Young, which meeting took place towards the end of June 2013. Prior to the meeting, upon request by the two gentlemen at Ernest and Young, **Sandile Hlophe** ("**Hlophe**") and **Mthunzi Ngwenya** ("**Ngwenya**"), we had to send through financial and other information to Ernest and Young in preparation for the meeting. The meeting was held, and we were advised that Ernest and Young had found sufficient value in the company and that Essa and Sharma wanted to proceed. Some discussions were held around the parameters of the transaction, whether or not it included the building and my wishes and intentions going forward. The meeting ended on the basis that they would get back to us with a proposal. At the meeting, Hlophe had requested some additional information, which our attorneys sent to them on the 1st July 2013.

35. We heard nothing further for about a month and a half and I presumed that Essar Capital were not interested. I was, however, on or about the second week in September 2013, contacted by Essa and requested to meet him, Sharma and their new financial advisors at the Michaelangelo Hotel in Sandton. The new advisors were **Neil Wyma** and **Jonathan Loeb** of Regiments Capital, who were present at the meeting. They presented and discussed two offer documents, which had to be presented to Van

Reenen and Bloxham, with certain deal parameters, subject to a due diligence. These documents were subsequently amended slightly and emailed to myself and DMO for presentation to Van Reenen and Bloxham. Copies of these offer documents are annexed hereto marked "**MJJ1**" & "**MJJ2**".

36. The structure was that an entity called Elgasolve (Pty) Ltd was to purchase the property from VRLS Properties, for R50m (fifty million Rand) and the same entity was to acquire all of VRLS Investments shares and loans in VRLS for R75m (seventy-five million Rand). There were certain conditions precedent, which included a due diligence exercise. I was concerned because this was clearly a document which dealt with the acquisition from Van Reenen and Bloxham only and did not deal with our intended arrangement.

37. Sharma once again confirmed to me that our shares would be increased to 30%, with further future options, based on performance and that we would participate at the same level in the property holding company. It was confirmed that I would be the CEO and manage the company going forward. He confirmed that we should close the deal with Bloxham and Van Reenen first and that we would finalise the details about our structure afterwards. I had no reason to mistrust him. I had also been trying to do this deal for so long, was aware that Van Reenen and Bloxham were losing interest and that they might sell to someone else, forcing me to sell as well. As such I agreed.

38. I therefore introduced Sharma and Essa to Van Reenen and Bloxham. As DMO Inc. was the company's commercial attorneys, it was agreed that DMO Inc. would act for Bloxham and Van Reenen in drafting and finalising the necessary sale agreements. Sharma and Essa had appointed a Pieter Van Der Merwe from Van Der Merwe and Associates to act on their behalf.

39. The transaction was completed and I was advised, late in December 2013, that the transaction had closed and that Essa had acquired Bloxham's and Van Reenen's shares in VRLS, through an entity called **Elgasolve (Pty) Ltd** ("**Elgasolve**") , which we were advised was an SPV owned by Essa, formed specifically for that purpose and that Sharma, through an entity called **Issar Capital (Pty) Ltd** ("**Issar Capital**") had acquired the shares in VRLS Properties (Pty) Ltd. I did not concern myself as regards, what I believed to be, the internal arrangements between Sharma and Essa and as to which legal entity they had utilised to purchase what. I was comfortable that Sharma would honour the arrangement with me, in ensuring that I would be appointed as CEO going forward and that we would be given the 4.9% (four and nine tenths percent) shares with options to acquire more into the future, depending on performance. Further, that we would be able to participate in the property-owning company. All of these issues had been discussed and agreed to by Essa and Sharma prior to me introducing them to Bloxham and Van Reenen. I annex hereto, marked "**MJJ3**" and "**MJJ4**", respectively, copies of these sale of share agreements.

40. VRLS had already closed for the Christmas break, so I agreed to pick up my negotiations with Sharma and Essa early in the new year. I assumed that we would meet early in January and discuss all the details in respect of same. I was comfortable with the notion that I had managed to find new business partners who, I believed, could add value and that I would continue as CEO going forward.

41. I must mention here that I had been running VRLS, as COO for the last two years, as Van Reenen was not involved in the company and Bloxham suffered from hypertension and was comfortable with me running the operations, with all people reporting to me. Only in the event that there were issues outside of the operations which had to be decided, would I need to discuss these with Bloxham.

INTRODUCTION OF NEW MANAGEMENT AT VR LASER SERVICES

42. While I was still on leave, on or about the 6th January 2014, I received a call from VRLS's Financial Manager, Claire Tomsett. She advised me that there was a group of gentlemen who had arrived at VRLS's premises, at 10 Haggie Road, Dunswart Ext.5 ("**the Offices**"), and that they advised that they were the new owners of VRLS. She was concerned because neither Essa, nor Sharma, being the people that she was aware of as the purchasers, were there. She asked me what she should do. I advised her to show them into the boardroom and that I would get there as soon as I could.

43. Upon my arrival at the Offices, there were 4 (four) people in my office. Two of the gentlemen I had met before during the due diligence visit. They were

JP Arora ("**Arora**") and **Jacques Roux** ("**Roux**") from JIC Mining. A third gentleman introduced himself as **Mr Nath** and another person who said his name was **Tony**. No surnames were given for these last two. I later established that Tony was in fact **Rajesh Tony Gupta** ("**Rajesh Gupta**").

44. I was a bit overwhelmed, as I had heard nothing from either Sharma nor Essa and did not know why these gentlemen were there. I excused myself and phoned Sharma. Sharma advised that I should not concern myself, as these were the owner's representatives and that I should work with them. I asked Sharma for an urgent meeting with him and Essa, to continue the discussions from where we left off at the end of the previous year. He assured me that everything was in order and as we had agreed, but he was fairly evasive in respect of an urgent meeting, advising that he would arrange same with Essa, when he was available and come back to me.

45. Over the next week or so, while still waiting for my meeting with Sharma and Essa, I became very uncomfortable.

REASONS FOR MY UNEASE

46. Previously, as explained above, I was the Chief Operating Officer of VRLS. I effectively managed and ran the company. All personnel and departments reported directly to me. I was responsible for all day-to-day management of the business and operations. Neither Van Reenen nor Bloxham were involved in the operations of the company. I had complete autonomy. Only in the event that there were issues to be dealt with that

fell outside of the business operations, did I have to discuss same with Bloxham.

47. Sharma had now advised me that I had to listen to and cooperate with Arora and Roux as they represented the majority shareholder. From the first day they set about changing all operational structures. They advised all divisions and personnel that they had to report directly to them and not to me. This, in effect, took away all my power and authority and left me with nothing to do, on a day-to-day basis. I literally sat in my office, playing on my computer, while Arora and Roux ran all the day-to-day operations.

48. This made me all the more uneasy as I was, in fact, the person registered as a director and neither Arora nor Roux were directors. However, they never consulted with me about anything.

49. Over the next few days, I never saw nor dealt with Sharma nor Essa, only with Arora and Roux.

50. Initially, I accepted this while waiting for my meeting with Sharma and Essa. However, as no meeting had taken place by the second week and Sharma and Essa appeared to be ignoring me, I lost all faith in Sharma and his promises.

51. I, therefore, approached Arora, advised him that I was extremely unhappy and that this was not how Sharma had told me things would operate. I stated that I was not prepared to continue like this. I advised him that, under these circumstances I wished to sell my shares and exit and asked

him who I should negotiate this with. Arora advised me that I could negotiate with him and Roux, which is what I then did.

THE SALE OF OUR SHARES IN VR LASER SERVICES

52. I was extremely unhappy that Sharma and Essa had reneged on their undertakings to me about how the business would be operated and my position going forward. As stated above, there was no negotiation about same, Arora and Roux just simply came in and took over all operations. The staff, knowing that Arora and Roux represented the majority shareholder, followed all their instructions and commands and I did not have much say in the matter. I felt betrayed, which is why Esther and I decided that we should rather sell our shares as well and exit. This was a difficult decision for us to make as I had worked so hard in building VRLS, but we saw no other alternative. It was patently clear to us that Sharma and Essa were not going to honour their promises.

53. I felt even further insulted, in that I was now forced to negotiate with Arora and Roux and not Sharma and Essa. At first, I presumed that this had something to do with Essa and the structure, whereby he had acquired, through Elgasolve, the shares in VRLS and Sharma had, through Issar Capital, acquired the property. However, I was not at all sure what the reasons were. I had never really got on with Essa and had found him to be rather arrogant and conceited.

54. During the negotiations with Arora and Roux, I felt additionally insulted, as Arora refused to utilise the share sale price paid for Bloxham's and Van Reenen's shares as the starting point. So, instead of selling for a purchase

consideration in the region of about R24m (which is what I believed should have been the value, we ended up selling for about R16m. However, I did not think that we had a choice.

55. The sale agreement was entered into with an entity called **Craysure Investments (Pty) Ltd** ("**Craysure**"), as the purchaser. I must admit that I had expected it to be either Elgasolve or Issar Capital. However, I was really fed up and have to admit that I did not really concern myself therewith. A copy of the agreement is annexed as "**MJJ5**".

56. The only link that I, at that stage, picked up in respect of the Gupta's (save for the fact that Rajesh Gupta had been part of the four people who appeared at VRLS offices that first day) came from Arora, when I asked him who the shareholders of Craysure were and he advised that it was an entity called **Western Dawn**, which he said was part of a large corporate structure and that I should not worry about getting my money for my shares. I did not really know the Western Dawn structure and although I had heard of the Gupta name, they were not yet that news worthy and the name did not mean much to me.

57. The terms of the agreement required me to work for one year and held back part of my sale price, to be paid at the end of the year. Although I was not happy and felt that Sharma and Essa had not honoured our agreement, I decided to make the most of the next year and work tirelessly to hand over the company and leave at the end of February 2015.

58. I had grown to know the majority of the VRLS staff fairly well, over the years and wanted to ensure that there was a smooth transition when I left, with as little disruption as possible.

59. I continued to carry out my duties diligently for the next twelve months and left at the end of February 2015, despite the fact that there were many attempts to get me to stay on, which I resisted.

DEALINGS AND OR MEETINGS WITH THE GUPTA FAMILY DURING THOSE 12 MONTHS

60. During those 12 (twelve) months, I got to meet **Ajay Gupta** at various management meetings. Although Arora was the person who ordinarily took charge, it was clear that he deferred to Ajay Gupta. Neither Sharma nor Essa came to any of the management meetings when I was there, and it became apparent to me that they were not "calling the shots" but that Arora and Ajay Gupta were and that they must have merely been acting as proxies for the Gupta family.

61. During these 12 (twelve) months I also met some of the other Gupta family members:

61.1. when they visited VRLS,

61.2. at their home in Saxonwold during the October 2014 Diwali celebrations of which the senior staff and spouses of VRLS were invited,

61.3. at the seminar and Christmas party of their Group of companies in December 2014, and

61.4. at the ANN7 South African of the Year Awards in September 2014.

62. At that stage, there was not much stigma around the Gupta's, so I had no particular axe to grind with them, except for the fact that no one had ever mentioned the Gupta family to me during any of the negotiations. I, at all stages and confirm that, both Van Reenen and Bloxham, at all stages, believed that we were dealing with Sharma and Essa.

63. I cannot tell you what my reaction would have been if I had found out that we were dealing with the Gupta family and that Sharma and Essa were just proxies for them. I do know that I would have insisted on meeting them, as I believe that business is based on relationships and I would never have continued with the negotiations, nor introduced Sharma and Essa to Van Reenen and Bloxham had I been aware that they were acting on behalf of others. I had spent years developing and growing VRLS and wanted to continue growing it. I had not intended to sell our shares and only did so after I realised the deception we had fallen prey to.

64. During the first 6 (six) months I continually requested that they introduce me the person to whom I was to hand over to and they eventually brought their attorney, Pieter Van Der Merwe, in as the CEO and advised that I had to hand over to him. He started working at VRLS during the second half of 2014.

THE HOEFYSTER TRANSACTION

65. The work in respect of winning the Hoefyster contract had begun many years prior to the final conclusion and signature. As stated above, at VRLS' launch in 2012 the relevant parties were present and introduced to our capacity and expertise.

66. Leading up to that and following on from that launch VRLS was doing business with, amongst others, Denel, Paramount, ICP, OTT, LMT, N4, SVI, DCD (Dorbyl), BAE, SME and other OEM's. It was also doing business, as set out above, with Ashok Leyland in India, various companies in Indonesia, the USA and Al Jaber UAE.

67. In 2012, I had assisted DLS with the building of the T5-52 155 mm self-propelled howitzer platform, with steel and other components donated by VRLS, which demonstrated VRLS' capabilities in this area.

68. When the Mechem division was transferred into DLS, the relationship extended to DLS and VRLS demonstrated its capabilities to build other platforms and not just the Casspir.

69. The Hoefyster project was to produce a vehicle called the Badger to replace the Ratel Infantry Fighting Vehicle (IFV).

70. Armscor SOC had contracted Denel, which in turn was looking for sub-contractors to contract and build the platform (hull).

71. The basic design had been acquired from Patria, a Finnish company, who were the OEM. The vehicle design had to be for South African use and

this project was to be given to sub-contractors in South Africa to manufacture the platform. The information that this transaction was coming was well known in the industry and I ensured that Denel was well aware of VRLS' capabilities and capacities to tender for this project.

72. The request for quotes first came out during 2014 and **Ian McNeil** and **Pieter Grundling**, on behalf of VRLS responded thereto.

73. Subsequently, the tender came out and VRLS was included in the entities tendering for the project.

74. When it came to completing the tender documents and submitting same and any subsequent liaising with Denel in respect thereof, this was attended to by our team Ian McNeil and Pieter Grundling (VRLS engineers) and Pieter Van Der Merwe, who was now the CEO (but not a director) of VRLS. I was included on an as needed basis.

75. I had done all the ground work in ensuring that the relevant people were well aware that VRLS was fully capable of performing and in fact was probably the leading entity capable of performing and delivering in terms of the Hoefyster project.

76. I only really became involved again when I was advised that the tender had been awarded to VRLS and we had to finalise contract negotiations and to sign the contract. I was still, at that stage, a director VRLS. I considered this a form of recognition for all my hard work over the years in respect of making Denel aware of VRLS capability and capacity to build this platform. While I was elated that VRLS had been awarded the tender,

my main thought was that this would ensure the ongoing employment of the VRLS employees post my departure. However, I had no intention whatsoever of remaining at VRLS and neither Esther nor myself wanted any part in the company going forward.

77. I left the employ of VRLS at the end of February 2015, with both Esther and me resigning as directors, effective the 28th February 2015. Copies of our resignation letters are attached hereto marked annexures "**MJJ6**" and "**MJJ7**" respectively.

MADODA JOHN JIYANE

22 February 2019

ANNEXURES

MJJ1 – Offer to purchase VRLS Investments

MJJ2 – Offer to purchase VRLS Properties

MJJ3 – Sale of Shares Agreement VRLS Investments

MJJ4 – Sale of Shares Agreement VRLS Properties

MJJ5 – Sale of Shares Agreement VR Laser Services

MJJ6 – Letter of resignation – MJ Jiyane

MJJ7 – Letter of resignation – EN Jiyane

ANNEXURE "MJJ1"

MJJ1

REGIMENTS CAPITAL

Date: 15 September 2013

ATT: **John van Reenen**
Gary Bloxham
VRLS Investments (Pty) Ltd
10 Haggie Road
Dunswart Ext 5

Offer Letter pertaining to the acquisition by Elgasolve (Pty) Ltd of VRLS Investments (Pty) Ltd's shareholding and associated claims in VR Laser Services (Pty) Ltd

Background

VRLS Investments (Pty) Ltd ("HoldCo") is an investment holding company that owns 74.9% of the issued share capital of VR Laser Services (Pty) Ltd, registration number 2007/031329/07 ("the Company"). The Company specialises in the cutting, bending and processing of steel plating into components used predominantly in the defence, mining and bulk transport industries. Elgasolve (Pty) Ltd, registration number 2010/017836/07, ("Elgasolve") forms part of a diversified advisory and investment holding group with extensive engineering capabilities, a flourishing renewable energy and clean technology business as well as strong ties to government and state owned entities. Elgasolve is confident that it can add significant value to the Company and return it to high levels of revenue generation and profitability.

Offer

Elgasolve hereby offers to acquire all of HoldCo's share capital ("Shares") and associated shareholder's loans ("Claims") (together "the Shareholding") in and to the Company for a total consideration of ZAR75,000,000.00 (seventy five million South African rand).

By accepting this offer, HoldCo gives Elgasolve the irrevocable right to acquire the Shareholding upon the terms and conditions stated herein.

Transaction and Terms

Transaction	Elgasolve to acquire the Shareholding from HoldCo
Transaction Date	The date upon which a Sale of Shares and Claims agreement is signed between Elgasolve and HoldCo (which agreement will supersede this letter once signed)
Price	Total consideration of ZAR75,000,000.00 (seventy five million South African rand)
Payment Terms	Full purchase consideration payable in cash on registration of transfer of the Shareholding in the name of Elgasolve
Conditions precedent	1. The successful acquisition by Elgasolve, or any of its associate or nominee companies, of the premises at 10 Haggie Road, Dunswart Ext. 5, from where the Company operates (the sale terms of which are the subject of a separate Offer to Purchase letter) 2. Completion of a due diligence review of the operations, assets (including operating equipment), liabilities, financial records, legal and statutory documentation and any other items relating to the Company to Elgasolve's satisfaction. Such satisfaction shall be communicated in writing to HoldCo in the form of a satisfaction notice from Elgasolve by no later than 60 days from the grant of access to the required information 3. Elgasolve's requisite shareholder and board resolutions approving the Transaction 4. Company and HoldCo board and shareholder resolutions approving the Transaction 5. Elgasolve's entering into an agreement with the remaining shareholder in the Company, regarding his/her/its participation in the new proposed structure and same being signed off and agreed to by such remaining shareholder within the 60 day period referred to in point 2 above 6. Successful conclusion of a Sale of Shares and Claims agreement as referred to in "Transaction Date". Such agreement to contain the full terms and conditions appropriate for a transaction of this nature
Offer Acceptance Term	This offer is available for acceptance by HoldCo for a period of 10 business days from the date of this letter
Transaction Term and exclusivity	Once accepted by HoldCo, Elgasolve will have a period of 60 days from receipt of the requested information within which to conduct a due

	diligence and sign a mutually agreed Sale of Shares and Claims agreement. During this 60 day period, HoldCo shall not enter into negotiations with any other party with respect to the sale of the Shareholding

If you have any queries relating to the above, please contact Jonathan Loeb on +27 82 780 8268

Kind regards,

Iqbal Sharma
For and on behalf of Elgasolve

HoldCo hereby accepts this offer and agrees to be bound by the terms thereof:

_____ _____

Date

_____

For and on behalf of VRLS Investments (Pty) Ltd

Annexure A: Price justification

Background

Mr. MJ Jiyane ("Jiyane") holds an irrevocable option to acquire the Shareholding from HoldCo for a total consideration of ZAR120,00,000.00 (hundred and twenty million South African rand). Implying an enterprise valuation of ZAR160,000,000.00 (hundred and sixty million South African rand).

Jiyane invited Elgasolve, as an equity partner, to participate in the potential acquisition of Shareholding from HoldCo. Elgasolve (through an advisor) performed an initial valuation based on information provided by Jiyane and concluded that an enterprise valuation of ZAR100,000,000.00 (one hundred million South African rand) is more reasonable - the rationale for which is contained herein below.

Capacity for debt funding

Acquisitions are generally funded via a combination of debt and equity funding. Debt funding can take the form of senior debt from commercial lenders, such as banks, or quasi-debt or mezzanine funding from development finance institutions (DFIs) such as the Industrial Development Corporation or similar funds. The use of senior debt funding assists in reducing the weighted average cost of capital (WACC) for the prospective buyer and it is thus advisable that a considerable component of an acquisition consideration is funded via senior debt (to the extent this can be sustained). Mezzanine or quasi-debt funding tends to be expensive and entails a time consuming capital raising process. We also understand that certain DFIs have been approached in relation to the Transaction– with limited success.

Senior debt providers evaluate a business's capacity for debt based on two key components:

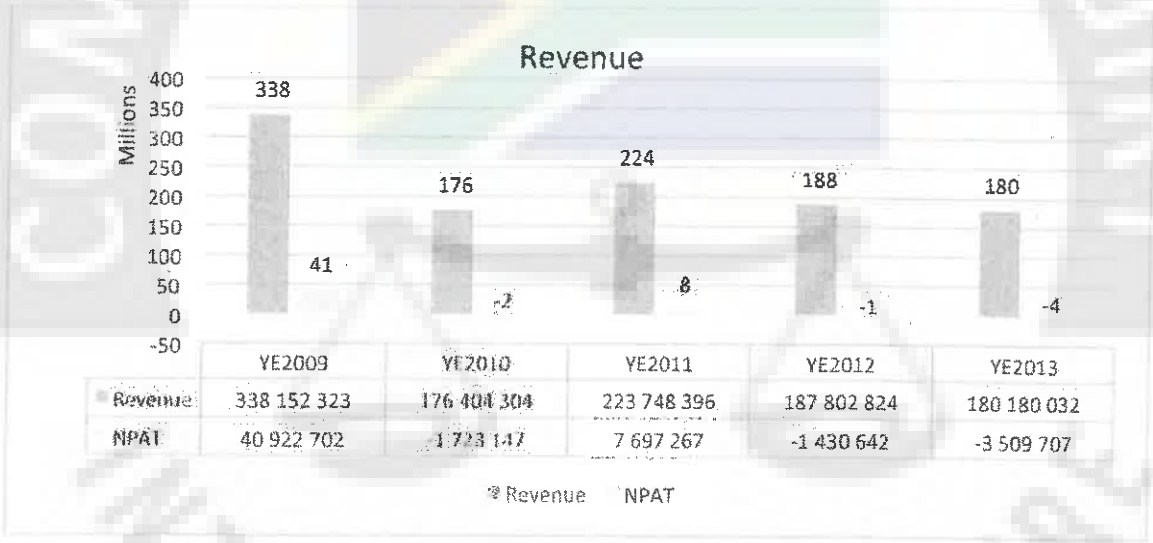
1. Security: the assets of the business which can be pledged as collateral for the debt provided. This can include property, equipment, inventory, vehicles, debtor books and other sellable assets. These assets are valued at book-value, discounted for the perceived level of risk and expected fire sale value. Our expected range for security purposes is R25M – R35M based on the unaudited financial statements for the year ending June 2013.
2. Serviceability: a provider of debt capital will consider the profitability, and more specifically cash-flow generation ability of the business to determine the level of debt the business can sustain within acceptable risk levels. Critically, funders place heavy reliance on 3 years of historic financials and pay little attention to budgets and forecasts. However, to the extent that forecasts can be substantiated by fully secured contracts, funders will take them into consideration.

Funders typically provide debt to a maximum of 2-2.5 times EBITDA for an unlisted business, to the extent that the debt is fully secured by assets as discussed above. Given the past three years of financial performance of the Company, we expect to raise a maximum of R10M –R15M of senior debt funding.

In light of the above, we expect the majority of the transaction to be funded via equity– significantly increasing the weighted average cost of capital (WACC) and thus reducing the resultant enterprise value to the acquirer (Elgasolve).

Scale and capacity for revenue generation

As evidenced by the increases in fixed overhead costs (in particular rent and salaries) the business has been geared up to increase annual production output. A concern is that, over the past three years, the increased overheads have not resulted in a sufficient associated increase in revenue. This leaves the business exposed to the risk of operating at breakeven levels if revenue cannot be restored to the R250 – R300M levels (minimum 50% increase from current levels).



	YE2009	YE2010	YE2011	YE2012	YE2013
Revenue	338 152 323	176 404 304	223 748 396	187 802 824	180 180 032
NPAT	40 922 702	1 723 147	7 697 267	-1 430 642	-3 509 707

In terms of asset valuation, we recognize that valuing assets purely at book value is not truly reflective of the revenue generation potential or the replacement cost of such equipment, however given the fact that the items have been depreciated substantially to date, it leaves very little room for an acquirer to offset future depreciation against net profits for tax purposes. Also – as referred to above – most senior debt providers will look at assets purely on a book and/or fire sale value basis.

We do however see substantial value in the business and its operations as shown by our enterprise valuation number proposed. Elgasolve's offer places the business at an enterprise valuation of ZAR100,000,000.00 (one hundred million South African rand), representing a:

- 19 times cover of 3-year historic average free cash flow;
- 12 times cover of 3-year historic average PBIT;
- 7 times cover of 3-year historic average EBITDA

We are of the opinion that the valuation and offer are reasonable based on recent financial performance, coupled with our expectation of revenue potential (excluding Elgasolve's value-add).

ANNEXURE "MJJ2"

REGIMENTS CAPITAL

Date: 15 September 2013

ATT: **John van Reenen**
Gary Bloxham
VRLS Properties (Pty) Ltd
10 Haggie Road
Dunswart Ext 5

Offer to Purchase the premises situated at 10 Haggie Road, Dunswart Ext.5, owned by VRLS Properties (Pty) Ltd – Erf No 26 Dunswart Ext 5

Background

VRLS Properties (Pty) Ltd registration number 1999/006874/07 ("PropCo") is a property asset holding company that owns the premises at 10 Haggie Road, Dunswart Ext 5 ("the Property"), from where VR Laser Services (Pty) Ltd ("the Company") operates. The Company specialises in the cutting, bending and processing of steel plating into components used predominantly in the defence, mining and bulk transport industries. The Company moved its operations to the Property in 2012 and pays an annual rental of circa ZAR8,400,000.00 (eight million four hundred thousand South African rand). Elgasolve (Pty) Ltd, registration number 2010/017836/07, ("Elgasolve") has offered to acquire 74.9% of the issued share capital of the Company.

Offer

Elgasolve hereby offers to acquire the Property from PropCo for a total consideration of ZAR50,000,000.00 (fifty million South African rand).

By accepting this offer, PropCo gives Elgasolve the irrevocable right to acquire the Property upon the terms and conditions stated herein.

Transaction and Terms

Transaction	Elgasolve to acquire the Property from PropCo
Transaction Date	The date upon which a detailed Sale Agreement is signed between Elgasolve and PropCo (which agreement will supersede this letter once signed)
Price	Total consideration of ZAR50,000,000.00 (fifty million South African rand)
Payment Terms	Full purchase consideration payable in cash on registration of transfer of

	the Shareholding in name of Elgasolve
Conditions precedent	1. The successful acquisition by Elgasolve, or any of its associate or nominee companies, of the Company (the sale terms of which are the subject of a separate Offer letter) 2. Completion of a due diligence review of the Property, including any contractual and or other legal agreements attached thereto, to Elgasolve's satisfaction. Such satisfaction shall be communicated in writing to HoldCo in the form of a satisfaction notice from Elgasolve by no later than 60 days from the grant of access to the required information 3. Requisite shareholder and board approvals of Elgasolve, PropCo and Company
Offer Acceptance Term	This offer is available for acceptance by PropCo for a period of 10 business days from the date of this letter
Transaction Term and Exclusivity	Once accepted by PropCo, Elgasolve will have a period of 60 days from receipt of the requested information within which to conduct a due diligence and sign a mutually agreed Sale Agreement. During this 60 day period, HoldCo shall not enter into negotiations with any other party with respect to the sale of the Shareholding

If you have any queries relating to the above, please contact Jonathan Loeb on +27 82 780 8268.

Kind regards,

Iqbal Sharma
For and on behalf of Elgasolve

PropCo hereby accepts this offer and agrees to be bound by the terms thereof:

_____ _____

_____ **Date**

For and on behalf of VRLS Investments (Pty) Ltd

ANNEXURE "MJJ3"

MJJ3

SALE OF SHARES AND CLAIMS AGREEMENT

Made and entered into by and between:

VRLS INVESTMENTS (PTY) LTD

(hereinafter referred to as "the **Seller**")

And

ELGASOLVE (PTY) LTD

(hereinafter referred to as "the **Purchaser**")

In respect of

VR LASER SERVICES (PTY) LTD

(hereinafter referred to as "**the Company**")

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1. **RECORDAL**

1.1. The Seller currently holds 74.9% of the total issued share capital of VR Laser Services (Pty) Ltd; and

1.2. the Seller has certain Claims (as defined) in the Company; and

1.3. the Parties wish to effect a sale of such shares and a cession of such Claims from the Seller to the Purchaser; and

1.4. simultaneously with this Agreement, the Property Transaction shall be entered into and the Parties wish the two transactions to be linked transactions, both being subject to the Resolutive Conditions contained in this Agreement and in the Property Transaction;

1.5. the Parties wish the terms and conditions of such sale to be recorded in a written document, being this Agreement.

NOW THEREFORE the Parties agree that:

2. **INTERPRETATION**

2.1. The following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely:

2.1.1. ***Act*** shall mean the South African Companies Act, Number 71 of 2008, as amended and the regulations promulgated in terms thereof;

2.1.2. ***Agreement*** shall mean this Sale of Shares Agreement and all annexures, addendums and schedules hereto, as amended in writing from time to time;

2.1.3. ***Auditors*** shall mean the Company's auditors, from time to time;

2.1.4. ***Balance of the Purchase Consideration*** shall mean that part of the Purchase Consideration which may become payable on the 7th March 2014, as per clause 5 below;

2.1.5. ***Business Day*** shall mean a calendar day other than a Saturday, Sunday or proclaimed public holiday in the Republic of South Africa;

2.1.6. ***Claims*** shall mean all loan accounts and Claims of the Seller against the Company as at the Effective Date;

2.1.7. ***Closing Date*** shall mean the date when the Security Certificates are returned to the Purchasers in this transaction and the Property Transaction, being a date subsequent to the 7th March 2014, on the proviso that the Resolutive Conditions do not come into being;

2.1.8. ***Company*** shall mean VR Laser Services (Pty) Limited, a company duly registered and incorporated with limited liability in terms of the Act, with registration number 2007/031329/07;

2.1.9. ***DMO Inc*** shall mean Daly Maqubela Oliphant Incorporated, the Seller's Attorneys practicing from Block B, 38 Grosvenor Road, Bryanston;

2.1.10. ***Effective Date*** shall mean 10th December 2013;

2.1.11. ***Gary*** shall mean Gary Martin Bloxham an adult male businessman with Identity number [redacted], a director of the Company;

2.1.12. ***John*** shall mean John van Reenen, an adult male businessman with Identity number [redacted], a director of the Company;

2.1.13. ***Implementation Date*** shall mean the date when the Sale Shares are delivered to the Purchaser, being the 10th December 2013;

2.1.14. ***NAV*** shall mean the net asset value of the Company calculated on the basis that the total capital and reserves of the company shall be added to the total shareholders loans and the goodwill deducted therefrom being calculated as at 30th June 2013 in the amount of R51,810,341.00 (fifty-one million, eight hundred and ten thousand, three hundred and forty-one Rand);

2.1.15. ***Nominated Bank Account*** shall mean the following bank account:

Account Name: VRLS Investments (Pty) Ltd
Bank: Nedbank
Branch Name: Central
Branch Code: 12840500
Account Number: [redacted]

2.1.16. ***Parties*** or reference to a ***Party*** in this Agreement shall mean the Seller and the Purchaser and the Company, collectively or individually as the context may dictate;

2.1.17. ***Prime Rate*** shall mean the prime overdraft interest rate as quoted and charged by Nedbank Group Limited from time to time;

2.1.18. ***Property Transaction*** shall mean the transaction being entered into simultaneously herewith whereby the Seller is selling its shareholding and Claims in VRLS Properties;

2.1.19. ***Purchaser*** shall mean Elgasolve (Pty) Ltd, a private company duly registered and incorporated with limited liability in terms of the Act, with registration number 2010/017836/07;

2.1.20. ***Purchase Consideration*** shall mean an amount of R72,000,000.00 (seventy two million Rand) being allocated as to the Sale Shares and the Claims;

2.1.21. ***Resolutive Conditions*** shall mean those conditions stipulated in clause 6 below;

2.1.22. ***Sale Shares*** shall mean 74.9% of the total issued share capital of the Company;

2.1.23. ***SARS*** shall mean the South African Revenue Service ;

2.1.24. ***Security Certificates*** shall mean the share certificates as defined in the Property Transaction which certificates shall be delivered to the Seller on the Implementation Date, to be held by the Seller as security for the performance of the Purchaser in terms of this Agreement and the purchaser in the Property Transaction;

2.1.25. ***Seller*** shall mean VRLS;

2.1.26. ***Signature Date*** shall mean the date upon which the last Party appends its signature hereto;

2.1.27. ***VRLS*** shall mean VRLS Investments (Pty) Ltd, a private company duly registered and incorporated with limited liability in terms of the Act, with registration number 1999/005411/07;

2.1.28. ***VR Laser*** shall mean the Company;

2.1.29. ***Warranties*** means the warranties set out in **Annexure "A"**.

2.2. Headings of clauses shall be deemed to have been included for purposes of convenience only and shall not affect the interpretation of this Agreement.

2.3. Unless inconsistent with the context, words relating to any gender shall include the other genders, words relating to the singular shall include the plural and vice versa and words relating to natural persons shall include associations of persons having corporate status by statute or common law.

2.4. This Agreement contains the sole record of the agreement between the Parties in relation to the subject matter hereof.

2.5. No Party shall be bound by any express or implied term, representation, warranty, promise or the like not recorded in this Agreement.

2.6. No consensual cancellation of, or addition to, or variation of this Agreement shall be of any force or effect unless in writing and signed by or on behalf of all of the Parties.

2.7. No indulgence that any Party may grant any of the others shall constitute a waiver of that Party's rights and shall not preclude that Party from exercising any rights which may have arisen in the past or which might arise in the future.

2.8. The terms of this Agreement having been negotiated, the *contra proferentem* rule (i.e. the rule that an agreement shall be interpreted against the party responsible for the drafting or preparation of such agreement) shall not be applied in the interpretation of this Agreement.

2.9. Each of the Parties hereto acknowledges that it has been free to secure independent legal, financial, tax and/or other advice as to the nature and effect of all of the provisions of this Agreement.

2.10. Save as specifically provided otherwise herein, no Party shall be entitled, without the prior written consent of all of the others to cede any of its rights and or delegate any of its obligations in terms of this Agreement to any other party.

2.11. If any term or provision of this Agreement shall be found to be void, illegal or unenforceable then, notwithstanding, the remaining terms and provisions hereof shall be and remain binding on the Parties.

2.12. If any provision in a definition is a substantive provision conferring any right or imposing any obligation on any Party, then notwithstanding that it is only in the definitions and interpretation clause, effect shall be given to it as if it were a substantive provision in this Agreement.

2.13. Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the meaning ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this definitions and interpretation clause.

2.14. When any number of days is prescribed such number shall exclude the first and include the last day unless the last day falls on a Saturday, Sunday or an official public holiday in the Republic of South Africa, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or such a public holiday.

2.15. Any reference to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time.

2.16. Where any figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

2.17. The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.

2.18. Any reference in this Agreement to a Party shall include a reference to that Party's assigns expressly permitted under this Agreement and, if such Party is liquidated, be applicable also to and binding upon that party's liquidator.

3. INTRODUCTION

3.1. It is recorded that:

3.1.1. the Parties wish to effect a sale of the Sale Shares and a cession of the Claims from the Seller to the Purchaser; and

3.1.2. simultaneously with this Agreement, the Seller is entering into the Property Transaction; and

3.1.3. the parties wish the two transactions to be linked transactions, both being subject to certain Resolutive Conditions as set out in clause 6 below and clause 4 of the Property Transaction;

3.2. The Parties enter into this Agreement in order to effect the sale of the Sale Shares and the cession of the Claims by the Seller to the Purchaser, on the terms set out herein.

4. SALE OF SHARES AND CESSION OF CLAIMS

4.1. The Seller hereby sells and cedes to the Purchaser, who hereby purchases and takes cession of, as an indivisible transaction, the Sale Shares and Claims, which are sold for the Purchase Consideration with effect from the Effective Date.

4.2. Notwithstanding the date on which this Agreement is signed and the date upon which the Sale Shares and Claims are delivered to the Purchaser, the Parties intend to account for the transaction contemplated in this Agreement on the basis that all risk in and benefits attaching to the Sale Shares and Claims were for the account of the Purchaser with effect from the Effective Date.

5. PAYMENT OF THE PURCHASE CONSIDERATION

The Purchase Consideration shall be paid free of all or any deductions of whatsoever nature and from whatsoever cause arising (save for a deduction calculated as per clause 1.7 of **Annexure "A"** on or before the 10th of December 2013 as follows:

5.1. an amount of R14,000,000.00 (fourteen million Rand) directly to Nedbank and Stannic to settle the overdraft and the Asset Base Finance facility, as per the written instruction of the Seller;

5.2. the balance into the Trust account of DMO Inc., payable to the Seller on the date of transfer of the Sale Shares to the Purchaser;

5.3. it is recorded that the Purchaser may require an extension, for payment of part of the Purchase Consideration, to be paid on or before the 7th March 2014;

5.4. in the event of the Purchaser requiring such extension and the Seller agreeing in writing to same, then the amount payable on or before the 7th March 2014 shall be secured as set out in clause 5.5 below;

5.5. as security for the payment by the Purchaser of the amount referred to in clause 5.4 above, on the Implementation Date, the Purchaser shall deliver and procure to be delivered to DMO Inc., in Trust, the Security Certificates, which are hereby pledged to the Seller, as security for the Purchaser's performance of all their obligations in terms of this Agreement and the Purchaser's performance in terms of the Property Transaction.

6. **RESOLUTIVE CONDITIONS**

6.1. This entire Agreement shall be of full force and effect as from the Signature Date, but shall lapse and be of no further force or effect (save for the provisions of clauses 1, 2, 3, 6, 12 to 16 [both inclusive] by which the Parties shall remain bound) in the event of the following Resolutive Conditions coming into being:

6.1.1. only in the event of same being applicable, the approval of the Competition Commission of the transaction contemplated in this Agreement, either without any conditions or on conditions accepted in writing by each of the Parties, not being granted on or before the 7th March 2014;

6.1.2. the non-conclusion of the Property Transaction simultaneously herewith;

6.1.3. the full Purchase Consideration not being received by the Seller on or before the 7th March 2014;

6.1.4. the written renunciation of the remaining Shareholders pre-emptive rights in terms of the Shareholders Agreement in the Company, not being obtained prior to the Implementation Date.

6.2. In the event of any of the Resolutive Conditions transpiring, then this Agreement (save for the provisions of clauses 1, 2, 3, 6, 12 to 16(both inclusive), by which the Parties shall remain bound) shall lapse and be of no further force or effect. In such event, the Parties shall be restored as near as may be possible to the position in which they would have been, had this Agreement not been entered into. No Party shall, in such instance, have any further claim against the other arising out of or in connection with this Agreement except for such claims (if any) as may arise from a breach of this clause 6 or of any other surviving provision of this Agreement.

6.3. The Parties shall use their reasonable endevours to ensure that the Resolutive Conditions do not transpire.

7. IMPLEMENTATION

On the Implementation Date, on the proviso that the Seller and Purchaser have performed those of the provisions of this Agreement then due for performance, representatives of the Parties shall attend the offices of DMO Inc. or such other place as agreed between the Parties and at such meeting the Seller shall deliver or procure to be delivered to the Purchaser:

7.1. the original Sale Shares certificates;
7.2. duly signed transfer documents in respect of the Sale Shares;
7.3. written irrevocable instructions to the Auditor to effect transfer of the Sale Shares into the Purchaser's name;
7.4. resolutions by the Shareholders and directors approving this transaction;
7.5. a written cession of the Claims in favour of the Purchaser;
7.6. written nomination of the appointment of the Purchaser's representatives as new directors of the Company;
7.7. written resignations of John and Gary as directors.

8. SELLER'S WARRANTIES

8.1. The Sale Shares and Claims are sold subject to the Warranties and subject to the limitations set out in this **Annexure "A"** and on the basis that:

8.1.1. all of the Warranties are relied upon by the Purchaser;

8.1.2. each Warranty shall be a separate warranty and shall in no way be limited to, nor restricted, by the provisions of any other Warranty; and

8.1.3. save for the Warranties, the Sale Shares are sold and purchased, as they stand on the Implementation Date, without any further warranties expressed or implied, and with any defects that may be latent or patent.

8.2. The Purchaser shall not be entitled to make any claim against the Seller in respect of any breach of a Warranty, unless:

8.2.1. (save for claims from SARS) the Purchaser delivers written notice of such breach before 10th December 2014; and

8.2.2. the aggregate amount of any such claims exceeds R500,000.00 (five hundred thousand Rand).

9. PURCHASER'S WARRANTIES

9.1. The Purchaser warrants that:

9.1.1. it is a duly registered company and that it is duly authorised and able to purchase the Sale Shares and enter into this Agreement;

9.1.2. the representatives signing this Agreement on behalf of the Purchaser and Issar are duly authorised to enter into this Agreement and that all necessary resolutions in respect thereof have been passed in order to authorise and give effect thereto;

9.1.3. it has the funds to and is capable of performing its obligations in terms of this Agreement;

9.1.4. between the Implementation Date and the date that the full Purchase Consideration is paid to the Seller, it shall not:

9.1.4.1. make any amendments to the Company's Memorandum of Incorporation;

9.1.4.2. make any amendments nor enter into any agreements, amend or alter the Share Capital of the Company, nor amend or create any other class of shares;

9.1.4.3. sell, transfer, alienate or hypothecate any of the Company's assets in any way whatsoever, other than in the normal course of business;

9.1.4.4. take or do anything that would in any way prejudice or detract from the value of the Company or its shares, other than in the ordinary course of business.

10. INDEMNITY

10.1. The Seller hereby indemnifies the Company and the Purchaser against all and any claims of whatsoever nature, that the Seller failed to disclose to the Purchaser, that may be made against the Company pertaining to a date prior to the Signature Date.

10.2. If the Company receives notification of any claim in terms of clause 10.1, it shall immediately, once it has received such notification, notify the Seller of such claim and:

10.2.1. the Seller may elect to compromise, settle, or defend, at its own expense, any such claim, in the name of the Company;

10.2.2. the Company shall cooperate with the Seller in the defence, compromise or settlement of any claim and shall not jeopardize any defence, compromise or settlement to any claim;

10.2.3. the Company shall immediately forward to the Seller all documentation and information required in the defence, compromise, or settlement of a claim, in its possession at any time, or further relevant information as reasonably requested by the Seller for the defence, compromise or settlement to any claim.

11. ARBITRATION

11.1. If any dispute arises between any of the Parties hereto in relation to any matter pertaining to, or arising out of this Agreement, or arising out of the termination thereof,

then such dispute shall, at the instance of any Party, be referred to arbitration by a single arbitrator, in accordance with the provisions of this clause 11.

11.2. The arbitration shall be held:

11.2.1. at Johannesburg, Republic of South Africa;

11.2.2. subject to the provisions of this clause 11, in accordance with the Arbitration Foundation of Southern Africa ("**AFSA**") rules relating to expedited arbitrations ("**Rules**");

11.2.3. as soon as is reasonably practicable in the circumstances and with a view to it being completed within 30 (thirty) Business Days after it is demanded by either Party.

11.3. The arbitrator shall be a retired Judge of the High Court of South Africa or a practicing senior counsel of at least 10 (ten) years standing as such, agreed upon between the parties to the dispute, provided that should such parties fail to agree on an arbitrator within 3 (three) Business Days after the dispute is referred to arbitration in terms of clause 11.1, the arbitrator shall, at the written request of any Party, be appointed by the President for the time being of AFSA or its successor.

11.4. The arbitrator shall determine which Party shall pay the costs of and incidental to the arbitration or, if more than one is to contribute, the ratio of their respective contributions, and the scale on which such costs are to be paid.

11.5. The arbitrator need not strictly observe the principles of law and may decide the matters submitted to him according to what he considers equitable in the circumstances.

11.6. Subject to each Party's rights of appeal in accordance with the Rules, the Parties irrevocably agree that the decision of the arbitrator shall be final and binding on them, shall be carried into effect, and shall be capable of being made an order of any High Court of competent jurisdiction.

11.7. The provisions of this clause 11:

11.7.1. constitute an irrevocable consent by the Parties to any proceedings in terms hereof and no Party shall be entitled to withdraw therefrom or claim at any such proceedings that it is not bound by such provisions;

11.7.2. are severable from the rest of this Agreement and shall remain in effect despite the termination of or invalidity for any reason of this Agreement;

11.7.3. shall not preclude any Party from obtaining interim relief on an urgent basis from any court of competent jurisdiction pending the decision of the arbitrator.

12. GOVERNING LAW AND JURISDICTION

12.1. This Agreement shall be governed by and interpreted, and otherwise applied, in all respects, in accordance with the laws of the Republic of South Africa.

12.2. The Parties agree that any legal action or proceedings arising out of or in connection with this Agreement may be brought in the South Gauteng High Court Johannesburg and irrevocably submits to the non-exclusive jurisdiction of such court.

13. CONFIDENTIALITY

13.1. Any information obtained by any Party in terms, or arising from the implementation, of this Agreement shall be treated as confidential by such Party and shall not be divulged by any Party, nor permitted to be divulged to any person not being a Party, without the prior written consent of the other Party save that :

13.1.1. any information which is required to be furnished by law or by any stock exchange on which the shares of any Party or its direct or indirect holding company are listed may be so furnished;

13.1.2. any Party shall be entitled (after consultation with the other Parties so as to avoid embarrassment or prejudice to the extent possible) to make such information available to its shareholders as may be necessary to enable such shareholders to consider the value and prospects of their shareholdings;

13.1.3. no Party shall be precluded from divulging any information to any person which is negotiating with such Party for the acquisition of an interest in such Party or in the Company, provided that the person to whom any disclosure is made in the aforesaid circumstances shall first have undertaken in writing not to divulge such information to any other person and to use it only for the purpose of evaluating such acquisition;

13.1.4. no Party shall be precluded from using or divulging such information in order to pursue any legal remedy available to it.

14. BREACH

Should any Party ("**Defaulting Party**") commit a breach of any provision of this Agreement and fail to remedy such breach within ten (10) days after receiving written notice from any other Party ("**Aggrieved Party**") requiring the Defaulting Party to do so, then the Aggrieved Party shall, without prejudice to its other rights in law, be entitled to cancel this Agreement or to claim immediate specific performance of all of the Defaulting Party's obligations then due for performance, without prejudice to the Aggrieved Party's rights to claim damages.

15. *DOMICILIUM CITANDI ET EXECUTANDI*

15.1. The Parties choose as their *domicilia citandi et executandi* for all purposes under this Agreement, whether in respect of court process, notices or other documents or communications of whatsoever nature, the following addresses :

15.1.1. **the Purchaser:**
Physical:

15.1.2. **the Seller:**
Physical:

15.2. Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by e-mail.

15.3. Any Party may by notice to any other Party change the physical address chosen as its *domicilium citandi et executandi vis-à-vis* that Party to another physical address in the Republic of South Africa or its e-mail address, provided that the change shall become effective *vis-à-vis* that addressee on the 10th (tenth) Business Day from the receipt of the notice by the addressee.

15.4. Any notice to a Party -

15.4.1. delivered by hand to a responsible person on a Business Day between 09:00 and 15:00 at the physical address chosen as its *domicilium citandi et executandi* shall be deemed to have been received on the day of delivery; or

15.4.2. sent by e-mail to its chosen e-mail address stipulated above, shall be deemed to have been received on the Business Day following the date of despatch (unless the contrary is proved).

15.5. Notwithstanding anything to the contrary herein contained a written notice or communication actually received by a Party shall be an adequate written notice or communication to it notwithstanding that it was not sent to or delivered at its chosen *domicilium citandi et executandi*.

16. COSTS

16.1. Each Party shall bear its own costs associated with the preparation, negotiation and drafting of this Agreement.

16.2. All securities transfer tax payable pursuant to the transfer of the Sale Shares to the Purchaser shall be paid in accordance with the provisions of the Securities Transfer Tax Act, No. 25 of 2007, which requires payment of securities transfer tax by the Company.

SIGNED AT SANDTON ON THIS THE 29TH DAY OF NOVEMBER 2013

AS WITNESSES:

1 _____

2 _____

_____

For and on behalf of **ELGASOLVE (PTY) LTD**
[the signatory warranting that he/she is duly authorised to enter into this agreement]

SIGNED AT SANDTON ON THIS THE 29TH DAY OF NOVEMBER 2013

AS WITNESSES:

1 _____

2 _____

_____

For and on behalf of
VRLS INVESTMENTS (PTY) LTD
[the signatory warranting that he/she is duly authorised to enter into this agreement]

ANNEXURE "A" - WARRANTIES

The following Warranties are given by the Seller to the Purchaser:

1. As at the Transfer Date:

1.1. the Seller is the owner of the Sale Shares and is duly authorised and able to pass transfer thereof and give free and unaffected title thereof to the Purchaser in terms of this Agreement;

1.2. the execution, delivery and performance by the Seller of its obligations under this Agreement will not result in a breach of any provision of the memorandum of incorporation of the Seller and/or the Company;

1.3. The sale shares when delivered to the Purchaser, shall be free of any pledge, lien, hypothec, notarial bond or any encumbrance whatsoever and free of any security interests or right of retention and no agreement has been entered into which may give rise to the sale shares being thus encumbered;

1.4. No person has any right of option or allotment in respect of the sale shares and no right nor any call, lien or any other encumbrance exists in respect of the sale shares and any pre-emptives applicable have been waived;

1.5. the Sale Shares represent 74.9% (seventy-four and nine-tenths percent) of all of the issued shares in the Company;

1.6. the Company is not involved in any on-going litigation (other than debt collection in the ordinary course of business) and/or labour disputes as disclosed;

1.7. On Implementation Date, the NAV of the Company shall not differ by more than 10% to what the NAV was as at the 30th June 2013. It is recorded that the NAV as at 30th June 2013 was R51,810,341.00 (fifty-one million, eight hundred and ten thousand, three hundred and forty-one Rand);

ANNEXURE "MJJ4"

MJJ4

SALE OF SHARES AND CLAIMS AGREEMENT

Made and entered into by and between:

VRLS INVESTMENTS (PTY) LIMITED
(hereinafter referred to as "the **Seller**")

And

ISSAR CAPITAL (PTY) LIMITED
(hereinafter referred to as "the **Purchaser**")

In respect of

VRLS PROPERTIES (PTY) LIMITED
(hereinafter referred to as "**the Company**")

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1. **RECORDAL**

1.1. The Seller currently holds 100% shareholding in VRLS Properties (Pty) Ltd ("the Company") and the Claims.

1.2. The Purchaser wishes to acquire 100% of the total issued share capital of the Company and the Claims.

1.3. The Seller is desirous of selling same.

1.4. The Parties wish the terms and conditions of such sale to be recorded in a written document, being this Agreement.

NOW THEREFORE the Parties agree that:

2. **INTERPRETATION**

2.1. The following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely:

2.1.1. ***Act*** shall mean the South African Companies Act, Number 71 of 2008, as amended and the regulations promulgated in terms thereof;

2.1.2. ***Agreement*** shall mean this Sale of Shares Agreement and all annexures, addendums and schedules hereto, as amended in writing from time to time;

2.1.3. ***Auditors*** shall mean J.H. Greef, from time to time;

2.1.4. ***Business Day*** shall mean a calendar day other than a Saturday, Sunday or proclaimed public holiday in the Republic of South Africa;

2.1.5. ***Claims*** shall mean all claims and loan accounts of whatsoever nature that the Sellers have against the Company;

2.1.6. ***Company*** shall mean VRLS Properties (Pty) Limited, a private company duly registered and incorporated with limited liability in terms of the Act, with registration number 1999/006874/07;

2.1.7. ***DMO Inc*** shall mean Daly Maqubela Oliphant Incorporated, the Seller's Attorneys practicing from Block B, 38 Grosvenor Road, Bryanston;

DMO
ATTORNEYS

2.1.8. ***Effective Date*** shall mean 10th December 2013;

2.1.9. ***Elgasolve*** shall mean Elgasolve (Pty) Ltd, a private company duly registered and incorporated with limited liability in terms of the Act, with registration number 2010/017836/07, being the purchaser in the VR Laser Transaction;

2.1.10. ***Gary*** shall mean Gary Martin Bloxham, an adult male businessman with Identity number [redacted];

2.1.11. ***Implementation Date*** shall mean the date on which all documentation required to cancel the Nedbank Bond and to register a new bond in favour of the Purchaser's bankers, have been lodged at the Deeds Office, on the proviso that the Purchaser's bankers are ready to lodge their documentation to register within 2 (two) Business Days of the documentation required to cancel the Nedbank Bond being ready for lodgement;

2.1.12. ***Issar*** shall mean the Purchaser;

2.1.13. ***John*** shall mean John Van Reenen, an adult male businessman with Identity number [redacted];

2.1.14. ***Lease*** shall mean the lease agreement entered into between the Company and VR Laser in respect of the letting of the Property;

2.1.15. ***Nedbank Bond*** shall mean the Bond that the Company has with Nedbank;

2.1.16. ***Nominated Bank Account*** shall mean the bank account nominated by the Seller to receive payment, being the following bank account:

Account Name: VRLS Investments (Pty) Ltd
Bank: Nedbank
Branch Name: Central
Branch Code: 12840500
Account Number: [redacted]

2.1.17. ***Parties*** or reference to a ***Party*** in this Agreement shall mean the Seller and the Purchaser and the Company, collectively or individually as the context may dictate;

2.1.18. ***Property*** shall mean erf 26, Dunswart Ext 5, Johannesburg;

2.1.19. ***Purchaser*** shall mean Issar Capital (Pty) Ltd, a company duly registered and incorporated with limited liability in terms of the Act, with registration number 2010/024731/07;

2.1.20. ***Purchase Consideration*** shall mean an amount of R60,000,000.00 (sixty million Rand) payable as to the Shares and the Claims;

2.1.21. ***Resolutive Conditions*** shall mean the conditions as reflected in clause 4 below;

2.1.22. ***Sale Shares*** shall mean 100% of the total issued share capital of the Company;

2.1.23. ***SARS*** shall mean the South African Revenue Service;

2.1.24. ***Seller*** shall mean VRLS Investments (Pty) Ltd, a private company duly registered and incorporated with limited liability in terms of the Act, with registration number 1999/005411/07;

2.1.25. ***Signature Date*** shall mean the date upon which the last Party appends its signature hereto;

2.1.26. ***Security Certificates*** shall mean the share certificates in Issar and Elgasolve, which shall be delivered to DMO Inc. to be held, in Trust, as security in terms of the VR Laser Transaction;

2.1.27. ***Transfer Date*** shall mean the Implementation Date;

2.1.28. ***VR Laser Transaction*** shall mean the transaction to be entered into between the Seller and Elgasolve whereby the Seller sells 74.9% of the shares in VR Laser to Elgasolve;

2.1.29. ***VR Laser*** shall mean VR Laser Services (Pty) Ltd, a private company duly incorporated with limited liability in accordance with the Act, with registration number 2007/031329/07, the shares of which are being sold to Elgasolve in terms of the VR Laser Transaction;

2.1.30. ***Warranties*** means the warranties set out in **Annexure "A"**.

ON

DMO ATTORNEYS

2.2. Headings of clauses shall be deemed to have been included for purposes of convenience only and shall not affect the interpretation of this Agreement.

2.3. Unless inconsistent with the context, words relating to any gender shall include the other genders, words relating to the singular shall include the plural and vice versa and words relating to natural persons shall include associations of persons having corporate status by statute or common law.

2.4. This Agreement contains the sole record of the agreement between the Parties in relation to the subject matter hereof.

2.5. No Party shall be bound by any express or implied term, representation, warranty, promise or the like not recorded in this Agreement.

2.6. No consensual cancellation of, or addition to, or variation of this Agreement shall be of any force or effect unless in writing and signed by or on behalf of all of the Parties.

2.7. No indulgence that any Party may grant any of the others shall constitute a waiver of that Party's rights and shall not preclude that Party from exercising any rights which may have arisen in the past or which might arise in the future.

2.8. The terms of this Agreement having been negotiated, the *contra pro ferentem* rule (i.e. the rule that an agreement shall be interpreted against the party responsible for the drafting or preparation of such agreement) shall not be applied in the interpretation of this Agreement.

2.9. Each of the Parties hereto acknowledges that it has been free to secure independent legal, financial, tax and/or other advice as to the nature and effect of all of the provisions of this Agreement.

2.10. Save as specifically provided otherwise herein, no Party shall be entitled, without the prior written consent of all of the others to cede any of its rights and or delegate any of its obligations in terms of this Agreement to any other party.

2.11. If any term or provision of this Agreement shall be found to be void, illegal or unenforceable then, notwithstanding, the remaining terms and provisions hereof shall be and remain binding on the Parties.

2.12. If any provision in a definition is a substantive provision conferring any right or imposing any obligation on any Party, then notwithstanding that it is only in the definitions and interpretation clause, effect shall be given to it as if it were a substantive provision in this Agreement.

2.13. Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the meaning ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this definitions and interpretation clause.

2.14. When any number of days is prescribed such number shall exclude the first and include the last day unless the last day falls on a Saturday, Sunday or an official public holiday in the Republic of South Africa, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or such a public holiday.

2.15. Any reference to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time.

2.16. Where any figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

2.17. The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.

2.18. Any reference in this Agreement to a Party shall include a reference to that Party's assigns expressly permitted under this Agreement and, if such Party is liquidated, be applicable also to and binding upon that party's liquidator.

3. INTRODUCTION

3.1. It is recorded that:

3.1.1. the Parties wish to effect a sale of the Sale Shares from the Seller to the Purchaser with effect from the Effective Date; and

3.1.2. simultaneously with this Agreement, the VR Laser Transaction shall be entered into; and

3.1.3. The Parties wish the two transactions to be linked, and be subject to the Resolutive Conditions contained in clause 4 below and clause 6 of the VR Laser Transaction;

3.2. The Parties enter into this Agreement in order to effect the sale of the Sale Shares by the Seller to the Purchaser, on the terms set out herein.

4. RESOLUTIVE CONDITIONS

4.1. This entire Agreement shall be of full force and effect as from the Signature Date but shall lapse and be of no further force nor effect (save for the provisions of clauses 1, 2, 3, 4, 11 to 16 (both inclusive) by which the Parties shall remain bound) in the event of the following Resolutive Conditions coming into being:

4.1.1. The VR Laser Transaction not being concluded simultaneously herewith; and

4.1.2. The Resolutive Conditions of the VR Laser Transaction coming into being within the time periods stipulated therein;

4.2. In the event of either of the above Resolutive Conditions coming into being within the time periods stipulated therein, then this agreement (save for the provisions of clauses 1, 2, 3, 4, 11 to 16 (both inclusive), by which the Parties shall remain bound) shall, lapse and be of no further force nor effect. In such event, the Parties shall be restored as near as may be possible to the position in which they would have been, had this Agreement not been entered into. No Party shall, in such instance, have any further claim against the other arising out of or in connection with this Agreement except for such claims (if any) as may arise from a breach of this clause 4 or of any other surviving provision of this Agreement. In such event DMO Inc. are hereby irrevocably authorized to procure transfer of the Security Certificates into the name of the Seller after the repayment of any sum of money which the Seller received from the Purchaser in regard to this sale of Sale Shares as well as any money received by the Seller in respect of the VR Laser Transaction.

4.3. The Parties shall use all reasonable endevours to ensure that the Resolutive Conditions do not come into being.

5. SALE OF SHARES AND CLAIMS

5.1. The Seller hereby sells to the Purchaser, who hereby purchases as an indivisible transaction, the Sale Shares and takes cession of the Claims, which are sold and ceded for the Purchase Consideration;

5.2. On the proviso that the Resolutive Conditions do not come into being within the time periods stipulated therein, the Parties shall account for this transaction such that the effective date of the sale of the Sale Shares shall be reflected and accounted for as at the Effective Date, from which date all benefit and risk attaching to the Sale Shares shall be for the Purchaser.

6. PAYMENT OF THE PURCHASE CONSIDERATION

The Purchase Consideration shall be paid as follows:

6.1. R60,000,000.00 (sixty million Rand) shall be paid into the Seller's Nominated Bank Account on the Implementation Date;

6.2. the Seller undertakes to settle the Nedbank Bond in full, as soon as practically possible after Signature Date and prior to the Implementation Date and to provide the Purchasers with written proof thereof. It is understood that Nedbank may charge an early settlement penalty in respect of the early settlement of the Nedbank Bond, in such event the Purchaser hereby undertakes to pay to the Seller an amount of 25% of any such penalty charged by Nedbank, which amount shall be paid by the Purchaser to the Seller within 7 (seven) days of written notice of such amount from the Seller, into the Nominated Account.

7. IMPLEMENTATION

On the Implementation Date, on the proviso that the Seller and Purchaser have complied with the provisions of this Agreement, representatives of the Parties shall attend the offices of DMO Inc. or such other place as agreed between the Parties and at such meeting the Seller shall deliver or procure to be delivered to the Purchaser:

7.1. the original Sale Shares certificates;
7.2. written cession of the Claims;
7.3. Share transfer documents duly signed by the Seller;

7.4. written irrevocable instruction to the Auditors to effect transfer of the Sale Shares into the Purchaser's name;

7.5. requisite resolutions by the Shareholders and directors;

7.6. written nomination of the new directors by the Shareholders;

7.7. written resignation of the directors.

8. **SELLER'S WARRANTIES**

The Sale Shares are sold subject to the Warranties and subject to the limitations set out in this **Annexure "A"** and on the basis that:

8.1. all of the Warranties are relied upon by the Purchaser;

8.2. each Warranty shall be a separate warranty and shall in no way be limited to, nor restricted, by the provisions of any other Warranty; and

8.3. the Sale Shares when delivered to the Purchaser, shall be free of any pledge, lien, hypothec, notarial bond or any encumbrance whatsoever and free of any security interests or right of retention and no agreement has been entered into which may give rise to the sale shares being thus encumbered; and

8.4. no person has any right of option or allotment in respect of the Sale Shares and no right nor any call, lien or any other encumbrance exists in respect of the Sale Shares.

9. **PURCHASER'S WARRANTIES**

The Purchaser warrants that:

9.1. it is a duly registered company and that it is duly authorised and able to purchase the Sale Shares and enter into this Agreement;

9.2. the representatives signing this Agreement on behalf of the Purchaser is duly authorised to enter into this Agreement and that all necessary resolutions in respect thereof have been passed in order to authorise and give effect thereto.

10. **INDEMNITY**

10.1. Save for the Nedbank Bond, which shall be settled in full by the Seller prior to the Implementation Date (the terms of which are covered in clause 6 above and in terms of the Warranties) and current Rates and Taxes in respect of the Property, the Seller

hereby indemnifies the Company and the Purchaser against all and any claims of whatsoever nature, that the Seller failed to disclose to the Purchaser, that may be made against the Company pertaining to a date prior to the Signature Date.

10.2. If the Company receives notification of any claim in terms of clause 10.1, it shall immediately, once it has received such notification, notify the Seller of such claim and:

10.2.1. the Seller may elect to compromise, settle, or defend, at its own expense, any such claim, in the name of the Company;

10.2.2. the Company shall cooperate with the Seller in the defence, compromise or settlement of any claim and shall not jeopardize any defence, compromise or settlement to any claim;

10.2.3. the Company shall immediately forward to the Seller all documentation and information required in the defence, compromise, or settlement of a claim, in its possession at any time, or further relevant information as reasonably requested by the Seller for the defence, compromise or settlement to any claim.

11. ARBITRATION

11.1. If any dispute arises between any of the Parties hereto in relation to any matter pertaining to, or arising out of this Agreement, or arising out of the termination thereof, then such dispute shall, at the instance of any Party, be referred to arbitration by a single arbitrator, in accordance with the provisions of this clause 11.

11.2. The arbitration shall be held:

11.2.1. at Johannesburg, Republic of South Africa;

11.2.2. subject to the provisions of this clause 11, in accordance with the Arbitration Foundation of Southern Africa ("**AFSA**") rules relating to expedited arbitrations ("**Rules**");

11.2.3. as soon as is reasonably practicable in the circumstances and with a view to it being completed within 30 (thirty) Business Days after it is demanded by either Party.

11.3. The arbitrator shall be a retired Judge of the High Court of South Africa or a practicing senior counsel of at least 10 (ten) years standing as such, agreed upon between the parties to the dispute, provided that should such parties fail to agree on an arbitrator within 3 (three) Business Days after the dispute is referred to arbitration in terms of clause 11.1, the arbitrator shall, at the written request of any Party, be appointed by the President for the time being of AFSA or its successor.

11.4. The arbitrator shall determine which Party shall pay the costs of and incidental to the arbitration or, if more than one is to contribute, the ratio of their respective contributions, and the scale on which such costs are to be paid.

11.5. Subject to each Party's rights of appeal in accordance with the Rules, the Parties irrevocably agree that the decision of the arbitrator shall be final and binding on them, shall be carried into effect, and shall be capable of being made an order of any High Court of competent jurisdiction.

11.6. The provisions of this clause 11;

11.6.1. constitute an irrevocable consent by the Parties to any proceedings in terms hereof and no Party shall be entitled to withdraw therefrom or claim at any such proceedings that it is not bound by such provisions;

11.6.2. the arbitrator need not strictly observe the principles of law and may decide the matters submitted to him according to what he considers equitable in the circumstances;

11.6.3. are severable from the rest of this Agreement and shall remain in effect despite the termination of or invalidity for any reason of this Agreement;

11.6.4. shall not preclude any Party from obtaining interim relief on an urgent basis from any court of competent jurisdiction pending the decision of the arbitrator.

12. GOVERNING LAW AND JURISDICTION

12.1. This Agreement shall be governed by and interpreted, and otherwise applied, in all respects, in accordance with the laws of the Republic of South Africa.

12.2. The Parties agree that any legal action or proceedings arising out of or in connection with this Agreement may be brought in the South Gauteng High Court Johannesburg and irrevocably submits to the non-exclusive jurisdiction of such court.

13. CONFIDENTIALITY

13.1. Any information obtained by any Party in terms, or arising from the implementation, of this Agreement shall be treated as confidential by such Party and shall not be divulged or permitted to be divulged to any person not being a Party, without the prior written consent of the other Party save that :

13.1.1. any information which is required to be furnished by law or by any stock exchange on which the shares of any Party or its direct or indirect holding company are listed may be so furnished;

13.1.2. any Party shall be entitled (after consultation with the other Parties so as to avoid embarrassment or prejudice to the extent possible) to make such information available to its shareholders as may be necessary to enable such shareholders to consider the value and prospects of their shareholdings;

13.1.3. no Party shall be precluded from divulging any information to any person which is negotiating with such Party for the acquisition of an interest in such Party or in the Company, provided that the person to whom any disclosure is made in the aforesaid circumstances shall first have undertaken in writing not to divulge such information to any other person and to use it only for the purpose of evaluating such acquisition;

13.1.4. no Party shall be precluded from using or divulging such information in order to pursue any legal remedy available to it.

14. BREACH

Should any Party ("**Defaulting Party**") commit a breach of any provision of this Agreement and fail to remedy such breach within ten (10) days after receiving written notice from any other Party ("**Aggrieved Party**") requiring the Defaulting Party to do so, then the Aggrieved Party shall, without prejudice to its other rights in law, be entitled to cancel this Agreement or to claim immediate specific performance of all of the Defaulting Party's obligations then due for performance, without prejudice to the Aggrieved Party's rights to claim damages.

15. ***DOMICILIUM CITANDI ET EXECUTANDI***

15.1. The Parties choose as their *domicilia citandi et executandi* for all purposes under this Agreement, whether in respect of court process, notices or other documents or communications of whatsoever nature, the following addresses:

15.1.1. **the Purchaser:**
Physical: [redacted]

15.1.2. **the Seller:**
Physical: [redacted]

15.2. Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by e-mail.

15.3. Any Party may by notice to any other Party change the physical address chosen as its *domicilium citandi et executandi vis-à-vis* that Party to another physical address in the Republic of South Africa or its e-mail address, provided that the change shall become effective *vis-à-vis* that addressee on the 10th (tenth) Business Day from the receipt of the notice by the addressee.

15.4. Any notice to a Party -

15.4.1. delivered by hand to a responsible person on a Business Day between 09:00 and 15:00 at the physical address chosen as its *domicilium citandi et executandi* shall be deemed to have been received on the day of delivery; or

15.4.2. sent by e-mail to its chosen e-mail address stipulated above, shall be deemed to have been received on the Business Day following the date of despatch (unless the contrary is proved).

15.5. Notwithstanding anything to the contrary herein contained a written notice or communication actually received by a Party shall be an adequate written notice or communication to it notwithstanding that it was not sent to or delivered at its chosen *domicilium citandi et executandi*.

16. **COSTS**

16.1. Each Party shall bear its own costs associated with the preparation, negotiation and drafting of this Agreement.

16.2. All securities transfer tax payable pursuant to the transfer of the Sale Shares to the Purchaser shall be paid in accordance with the provisions of the Securities Transfer Tax Act, No. 25 of 2007, which requires payment of securities transfer tax by the Company.

16.3. Transfer costs in transferring the Shares to the Purchaser, excluding bond cancellation costs, shall be paid by the Purchaser.

SIGNED AT SANDTON ON THIS THE 29TH DAY OF NOVEMBER 2013

AS WITNESSES:

1 _____

2 _____

For and on behalf of
ISSAR CAPITAL (PTY) LTD
(The Purchaser)
[the signatory warranting that he/she is duly authorised to enter into this agreement]

SIGNED AT SANDTON ON THIS THE 29TH DAY OF NOVEMBER 2013

AS WITNESSES:

1 _____

2 _____

For and on behalf of
VRLS INVESTMENTS (PTY) LTD (The Seller)
[the signatory warranting that he/she is duly authorised to enter into this agreement]

ANNEXURE "A" - WARRANTIES

The following Warranties are given by the Seller to the Purchaser as at the Signature Date:

1. the Seller is the owner of the Sale Shares and Claims is duly authorised and able to pass transfer thereof and cede the Claims and give free and unaffected title thereof to the Purchaser in terms of this Agreement;

2. the execution, delivery and performance by the Seller of its obligations under this Agreement will not result in a breach of any provision of the memorandum of incorporation of the Seller and/or the Company;

3. the Sale Shares represent 100% (one hundred percent) of all of the issued shares in the Company;

4. the Company is not involved in any on-going litigation (other than debt collection in the ordinary course of business) and/or labour disputes save for that disclosed;

5. the Seller shall settle the Nedbank Bond in full prior to the Implementation Date;

6. the Company is the registered owner of the Property;

7. the Lease is valid and enforceable as between the Company and VR Laser and shall continue to be so after transfer of the Shares.

ANNEXURE "MJJ5"

SALE OF SHARES AGREEMENT

in terms of which

ESTHER NTOMBFUTHI JIYANE
ID Number: [redacted]

(hereinafter referred to as **"the Seller"**)

sells her shares to

CRAYSURE INVESTMENTS (PTY) LTD
Registration Number: 2013/173148/07

(hereinafter referred to as **"the Purchaser"**)

in respect of

VR LASER SERVICES (PTY) LTD

(hereinafter referred to as **"the Company"**)

van der Merwe
&
Associates Incorporated
PVDM/yg/JIC063

RECORDAL:

WHEREAS the **Seller** is the owner of 25.1% (TWENTY FIVE COMMA ONE PERCENT) of the issued share capital in VR Laser Services (Pty) Ltd; and

AND WHEREAS the **Seller** is desirous of selling her total shareholding the in **Company** to the **Purchaser** and the **Purchaser** is desirous of purchasing the said shares;

AND WHEREAS the **Purchaser** purchases the **Shares** on condition that Mr. Madoda John JIYANE remains in the employment of the **Company** for 12 (TWELVE) months after the **Effective Date**;

NOW THEREFORE the **Parties** wish to record the terms and conditions applicable to the sale of the **Seller's Shares** in the **Company** to the **Purchaser**.

1. **INTERPRETATION**:

1.1 The clause headings in this agreement shall not be used in the interpretation thereof.

1.2 Unless the context clearly indicates a contrary intention in this agreement and the annexures hereto –

1.2.1 an expression which denotes;

1.2.2 gender shall include the other genders;

1.2.3 a natural person shall include a legal entity and *vice versa*;

1.2.4 the singular shall include the plural and *vice versa*.

1.3 The following expressions shall bear the meanings assigned to them below and cognate expressions shall bear corresponding meanings –

1.3.1 **"Company"** shall mean VR Laser Services (Pty) Ltd, a company duly registered and incorporated with limited liability in terms of the South African Companies Act, No. 71 of 2008, with registration number 2007/031329/07;

1.3.2 **"Effective date"** shall mean 01 March 2014;

1.3.3 **"Parties"** shall mean the signatories of this agreement;

1.3.4 **"Purchase Consideration"** shall mean an amount of R 16, 500, 000.00 (SIXTEEN MILLION FIVE HUNDRED THOUSAND RAND) in regards to the Shares;

1.3.5 **"Purchaser"** shall mean Craysure Investments (Pty) Ltd, a private company duly registered and incorporated with limited liability in terms of the South African Companies Act, No. 71 of 2008, with registration number 2013/173148/07;

1.3.6 **"Seller"** shall mean ESTHER Ntombfuthi JIYANE with identity number680520 0324 081;

1.3.7 "the **Shares**" shall mean 25.1% (TWENTY FIVE COMMA ONE PERCENT) of the total issued share capital of the **Company**;

1.3.8 **"Transfer Date"** shall mean the 01st March 2014..

1.4 Unless inconsistent with the context words relating to any gender shall include the other genders, words relating to the singular shall include the plural and *vice versa* and words relating to natural persons shall include associations of persons having corporate status by statute or common law.

1.5 This Agreement contains the sole record of the agreement between the **Parties** in relation to the subject matter hereof.

1.6 No **Party** shall be bound by any express or implied term, representation, warranty, promise or the like not recorded in this Agreement.

1.7 No consensual cancellation of, or addition to, or variation of this Agreement shall be of any force or effect unless in writing and signed by or on behalf of all of the **Parties**.

1.8 No indulgence that any **Party** may grant any of the others shall constitute a waiver of that **Party's** rights and shall not preclude that Party from exercising any rights which may have arisen in the past or which might arise in the future.

1.9 The terms of this Agreement having been negotiated, the *contra proferentem* rule (i.e. the rule that an agreement shall be interpreted against the party responsible for the drafting or

preparation of such agreement) shall not be applied in the interpretation of this Agreement.

1.10 Each of the **Parties** hereto acknowledges that it has been free to secure independent legal, financial, tax and/or other advice as to the nature and effect of all of the provisions of this Agreement.

1.11 Save as specifically provided otherwise herein, no **Party** shall be entitled, without the prior written consent of all of the others to cede any of its rights and or delegate any of its obligations in terms of this Agreement to any other party.

1.12 If any term or provision of this Agreement shall be found to be void, illegal or unenforceable then, notwithstanding, the remaining terms and provisions hereof shall be and remain binding on the **Parties**.

1.13 If any provision in a definition is a substantive provision conferring any right or imposing any obligation on any **Party**, then notwithstanding that it is only in the definitions and interpretation clause, effect shall be given to it as if it were a substantive provision in this Agreement.

1.14 Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the meaning ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this definitions and interpretation clause.

1.15 When any number of days is prescribed such number shall exclude the first and include the last day unless the last day falls on a Saturday, Sunday or an official public holiday in the Republic of South Africa, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or such a public holiday.

1.16 Where any figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

1.17 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.

1.18 Any reference in this Agreement to a Party shall include a reference to that Party's assigns expressly permitted under this Agreement and, if such Party is liquidated, be applicable also to and binding upon that party's liquidator.

2. **INTRODUCTION**:

2.1 It is recorded that the **Parties** wish to effect a sale of the **Seller's Shares** from the **Seller** to the **Purchaser**.

2.2 It is recorded that it is the intention of the **Parties** that ownership and risk in regards to the **Shares** shall vest in the **Purchaser** from the

transfer Date and that the **Purchaser** shall remunerate the **Seller** for the **Shares** according to the terms and conditions contained in this agreement.

2.3 It is recorded that Madoda John JIYANE has a loan account in favour of the **Company** in the amount of R 440, 226.94 (FOUR HUNDRED AND -FORTY THOUSAND, TWO HUNDRED AND TWENTY SIX RAND and NINETY FOUR CENTS). It is the intention of the **Parties** that the **Purchaser** shall purchase the **Shares** for the **Purchase Consideration** and that the **Purchaser** shall further, and in addition to the **Purchase Consideration**, be liable for Madoda John JIYANE's loan liability in the amount of R 440, 226.94 (FOUR HUNDRED AND -FORTY THOUSAND, TWO HUNDRED AND TWENTY SIX RAND and NINETY FOUR CENTS) to the **Company.**

THE PARTIES HEREBY AGREE AS FOLLOWS:

3. **SALE OF SHARES AND LOAN ACCOUNT:**

3.1 The **Seller** hereby sells to the **Purchaser,** who hereby purchases, the **Shares** which are sold for the **Purchase Consideration** with effect from the **transfer Date.**

3.2 Madoda John JIYANE simultaneously herewith, as an indivisible transaction, delegates and assigns his loan account in the amount of R 440, 226.94 (FOUR HUNDRED AND -FORTY THOUSAND, TWO HUNDRED AND TWENTY SIX RAND and NINETY FOUR CENTS), in favour of the **Company**, to the **Purchaser**, who accepts the liability.

3.3 Notwithstanding the date on which the **Shares** are delivered to the **Purchaser,** the **Parties** intend to account for the transaction contemplated in this agreement on the basis that all risk in and benefits attaching to the **Shares** shall be for the amount of the **Purchaser** with effect from the **Transfer Date**.

4. **PAYMENT OF PURCHASE CONSIDERATION AND LOAN:**

4.1 The **Purchase Consideration** for the **Shares** shall be the total sum of R 16, 500, 000.00 (SIXTEEN MILLION FIVE HUNDRED THOUSAND RAND), payable to the **Seller**, free of exchange or deduction, payable as follows:

4.1.1 the first payment of R 1, 000, 000.00 (ONE MILLION RAND) shall be paid on the Effective Date. The Purchaser shall however pay on date of signature the first payment into the trust account of Van der Merwe and Associates Inc, Nedbank Trust 1633 397 734, Arcadia Branch, Ref/PVDM/JIC063. The Seller shall, on date of signature, hand all original Share Certificates to Van der Merwe and Associates Inc, or the Purchaser, to be held in trust by Van der Merwe and Associates. On the Transfer date, the Shares shall be transferred to the Purchaser and the first payment shall be made to the Seller.

4.1.2 an amount of R 9, 000, 000.00 (NINE MILLION RAND) payable on or before 31 March 2014;

balance of R 6, 500, 000.00 (SIX MILLION FIVE HUNDRED THOUSAND RAND on or before 28 February 2015;

4.2 No interest shall accrue on the second payment due, on the 31st March 2014 (except for mora interest if not paid timeously). However, Interest on the balance of R 6, 500, 000.00 (SIX MILLION FIVE HUNDRED THOUSAND RAND) shall accrue to the Seller and shall be calculated at 6% (SIX PERCENT) interest per year, from 1 April 2014 to date of final payment.

4.3 All payments to the Seller shall be made to EN JIYANE, ABSA, SAVING 9250674498, BRANCH 632005.

5. **TRANSFER OF SHARES**:

5.1 On the **Transfer Date**, on condition that the **Purchaser** has made payment of the amount as described in paragraph 4.1.1 above, the **Seller** shall sign the security transfer forms and all other necessary forms in respect of the **Shares**, in favour of the **Purchaser**, complying with the **Company's** Memorandum of Incorporation and the Companies Act, and instruct any other person as may be decided upon by the **Purchaser**, to transfer the **Shares** into the name of the **Purchaser**.

5.2 Ownership, benefit and risk of the **Shares** transferred in terms of this agreement shall vest in the **Purchaser** as from the **transfer Date**.

6. **CONFIDENTIALITY AND RESTRAIN OF TRADE:**

6.1 The **Parties** agree that all information regarding the business of the **Company**, as well as the contents and implementation of this agreement, will be treated as confidential and shall not be divulged to any third party without the written consent of the other **Parties** to this agreement, during the course of this agreement or thereafter.

6.2 The **Seller and** Madoda John JIYANE may not disclose any information whatsoever, including but not limited to, technical, scientific, commercial, financial or market information or trade secrets, or any other information in whatever form, whether or not subject to or protected by common law or statutory laws relating to copyright, patent, trademarks, registered or unregistered or otherwise or any information which was disclosed to the **Seller,** about the **Company**, during the time period of being a Shareholder, to any third party for any reason whatsoever, without the prior written consent of the **Purchaser.**

6.3 The **Seller** and Madoda John JIYANE shall not, in the Republic of South Africa and for a period of two years, whether as proprietor, partner, director, shareholder, member, employee, consultant, contractor, financier, agent, representative, assistant or otherwise and whether for reward or not, directly indirectly carry on or be interested or engaged in or concerned with or employed by any company, close corporation firm, undertaking or concern, carried on in the RSA, which performs or makes available similar services as the **Company** , being the supply and/distribution or bending, molding, manufacturing or forging of steel or related products to the Defense and Security Industry.

6.4 The **Seller and** Madoda John JIYANE undertakes that neither she nor any company, close corporation, firm, undertaking or concern, or person, in or by which she is directly or indirectly, interested or employed will, within the RSA and within 2 (TWO) years after signature of this agreement, and whether for reward or not, directly or indirectly, encourage or entice or incite or persuade or induce any employee of the **Company** to terminate his employment with the **Company.**

6.5 The **Seller and** Madoda John JIYANE further undertakes that neither she nor any company, undertaking or concern in or by which she is, directly or indirectly, interested, engaged, concerned or employed, will during the 2 (TWO) year period, directly or indirectly, whether as proprietor, partner, director, shareholder, employee, consultant, contractor, agent, representative, assistant or otherwise in the RSA and whether for reward or not:

- Canvas business in respect of the **Company's** business from any of the **Company's** customers;
- Sell or otherwise supply any similar services to any of the **Company's** customers;
- Compete with the **Company's** business;
- Attempt to do any of the above.

7. **WARRANTIES AND INDEMNITIES:**

7.1 The **Seller** hereby gives the **Purchaser** such warranties, set out in

Addendum "B", on the basis that this Agreement is entered into by the **Purchaser**, relying on such warranties.

7.2 Without prejudice to any of the rights of the **Purchaser** arising from any of the provisions of this Agreement, the **Seller** indemnifies the **Purchaser** against all loss, liability damage or expense which the **Purchaser** may suffer as a result of or which may be attributable to any liability of the **Company** for –

7.2.1 any taxation arising from new assessments of taxation and/or the reopening of any income tax assessments for any period prior to the **transfer Date**;

7.2.2 penalties or interest as a result of any matter in 7.2.1.

7.2.3 any claim that the Purchaser may have against the Seller shall be limited proportionately to the percentage that the Shares being sold are to the total shares in the Company.

7.3 The **Seller** shall not be entitled to any benefit whatsoever accruing to the **Shares**, that might accrue from being a Shareholder in the **Company**, after the **transfer Date**. The **Purchaser** in return acknowledges that it had and was afforded an opportunity to conduct a due diligence process. The **Purchaser** accepts the normal risks involved in the normal course of the **Company's** business, specifically relating to the possible loss of goodwill, profits, contracts and depreciation in value. The **Seller** also accepts that no possible benefit will accrue to the **Seller**, except for the purchase consideration contained in this agreement, after the **Effective Date**, which might accrue to the Seller , as a result of the

appreciation of goodwill, new contracts and business, or any factor which has resulted in the appreciation of the **Shares** value.

8. **MR MADODA JOHN JIYANE**

8.1 Mr. Madoda John JIYANE undertakes to continue with his contract of employment for a minimum of 12 months from the effective date. The monthly total cost to company package that Mr. Madoda John JIYANE will be entitled to is R 148, 761.43 (ONE HUNDRED AND FOURTY EIGHT THOUSAND SEVEN HUNDRED AND SIXTY ONE RAND AND FOURTY THREE CENTS) . .

9. **ARBITRATION:**

9.1 Should a dispute arise between the **Parties** in regard to the interpretation, effect, breach, for termination or any matter arising out of the termination of this agreement or the **Parties'** respective rights or obligations under this agreement, then in such event that dispute shall be referred by any of the **Parties** thereto to, and if so referred shall be decided by, arbitration in the manner set out in this clause 9.

9.2 The arbitrator shall be a senior counsel of the Supreme Court of the South Africa agreed upon by the **Parties** to the dispute and failing agreement, nominated by the President for the time being of the Law Society of the Northern Province.

9.3 The arbitration shall be held in Johannesburg in accordance with the formalities and/or procedures settled by the arbitrator, which shall be in an informal and summary manner, i.e. it shall not be

necessary to observe or carry out either the usual formalities or procedure or the strict rules of evidence.

9.4 The arbitrator shall be entitled –

9.4.1 To investigate or cause to be investigated any matter, fact or thing which he considers necessary or desirable in connection with any matter referred to him for decision and for that purpose shall have the widest possible powers of investigating all the books and records of any of the **Parties** to this agreement insofar as it may be necessary including the right to the fullest inspection of the same by him or by his duly authorized representatives and the right to make copies or make extracts therefrom and the right to have the same produces and/or delivered to any reasonable place for required by him for the aforesaid purposes and shall have the right to interview and question under oath any of the **Parties** or their directors or officers or employees or agents;

9.4.2 To decide the matters submitted to him according to what he considers just and equitable in all the circumstances, having regard to the purpose of this agreement;

9.4.3 To make such award, including an award for specific performance, an interdict, damages or penalty or the costs of arbitration or otherwise as he in his discretion may deem fit and appropriate.

9.5 The arbitration shall be held as quickly as possible after it is

demanded with a view to its being completed within fourteen days after it has been so demanded.

9.6 This clause shall constitute the irrevocable consent of the **Parties** to the arbitration proceedings in terms hereof, and none of the **Parties** to the dispute shall be entitled to withdraw therefrom or to claim in respect of any such arbitration proceedings that is not bound to this clause.

9.7 Any decision by the arbitrator in terms of this clause 9 –

9.7.1 Shall be final and binding upon the **Parties** to the dispute;

9.7.2 Will be carried into effect;

9.7.3 Should any of the **Parties** to the dispute so request, will be made an order of the court to whose jurisdiction the **Parties** are subject to.

9.8 This clause is severable from the rest of the agreement and shall therefore remain in effect even if this agreement is terminated.

10. **DOMICILIA AND NOTICES:**

10.1 For all the purposes of this agreement including, but not by way of limitation, the giving of any notice, the making of any communication, the payment of any sum and the serving of any process, the parties respectively choose *domicilium citandi et executandi* ("domicile") as follows –

10.1.1 The **Seller: ESTHER Ntombfuthi JIYANE**

Address: [redacted]

Telephone Number: [redacted]

Fax Number:

E-mail: [redacted]

10.1.2 The **Purchaser:** _____

Address: [redacted]

Telephone Number: [redacted]

Fax Number: [redacted]

E-mail: [redacted]

10.1.3 The Company

Address: 10 HAGGIE ROAD
DUNSWART EXT 5
BOKSBURG NORTH

Telephone Number: 011-306 8000

Fax Number: 011. 306 8018

E-mail: bennyj@vrlaser.co.za

10.1.4 Madoda John Jiyane

Address: [redacted]

Telephone Number: [redacted]

Fax Number:

E-mail: bennyj@rrlaser.co.za

10.2 Any of the **Parties**, by written notice to the others, shall be entitled from time to time to vary its domicile to any other address in the Republic of South Africa provided that such other address may not be a post office box or poste restante.

10.3 Any notice given and any communication or payment made by any party which –

10.3.1 is delivered by hand during the normal business hours at the applicable domicile for the time being, shall be presumed, until the contrary is proved, to have been received on the seventh day after the date of posting.

10.3.2 is posted in Johannesburg by prepaid registered post to the applicable domicile for the time being, shall be presumed, until the contrary is proved, to have been received on the seventh day after the date of posting.

10.3.3 is send per fax or per e-mail shall be presume, until the

contrary is proved, to have been received at the time of delivery.

11. **BREACH:**

11.1 Despite any other provision in this agreement or any remedy in law, the Seller shall not have the right to claim repossession or ownership of the Shares, in the event that the agreement is cancelled by the Seller due to non-performance of the Purchaser. The Seller however shall have a claim against the Purchaser, for an additional R100 000-00 per month, from date on which the last payment in terms of this agreement became due, over and above the agreed 6% interest, if the Purchaser does not make the agreed payment timeously. This is a penalty clause.

11.2 All costs, charges and expenses of whatsoever nature which may be incurred by any **Party** in enforcing its rights under the provisions of this agreement, including without limitation, legal costs on the scale as between attorney and own client, irrespective of whether any action has been instituted, shall be recoverable from the **Party** against which such rights are successfully enforced.

12. **GENERAL:**

12.1 This document contains the entire agreement between the **Parties** and none of them shall be bound by any undertakings, representations, warranties, promises or the like not recorded herein.

12.2 No alteration, variation or cancellation by agreement of, addition

or amendment to, or deletion from this agreement shall be of any force or effect unless in writing and signed by or on behalf of the **Parties.**

No indulgence, extension of time, relaxation or latitude which any party may show, grant or allow to the others shall constitute a waiver by the that **Party** of any of its rights and that **Party** shall not thereby be prejudiced or estopped from exercising any of its rights which may have arisen in the past or which may arise in the future.

12.3 For purposes of this agreement the Seller and Madoda John JIYANE will be seen as one party and any obligation on one of them will be deemed to be also applicable on the other.

THE SELLER:

SIGNED at MIDRAND on this the 20th day of **FEBRUARY 2014**

.AS WITNESSES:

1. _____ _____
ESTHER NTOMBFUTHI JIYANE

2. _____

THE PURCHASER:

SIGNED at Midrand on this the 20th day of **FEBRUARY 2014**

AS WITNESSES:

1. _____

_____
obo CRAYSURE INVESTMENTS (PTY) LTD
NAME: GFS JAN DEN BEER
CAPACITY: DIRECTOR
Who warrants that he/she is authorized.

2. _____

_____
MADODA JOHN JIYANE

_____
VR LASER SERVICES (PTY) LTD
NAME: _____
CAPACITY: _____
Who warrants that he/she is authorized.

ADDENDUM "B"

WARRANTIES

In this Addendum "B", expressions defined in the agreement ("the main agreement") to which this is Addendum "B" is attached, shall bear the same meanings as those assigned to them in the main agreement.

To the extent that the warranties contained herein are signed on a date that results in the use of any tense being inappropriate, the warranties set out below shall be read in the appropriate tense.

The **Seller** warrants to the **Purchaser** that save as provided or contemplated in the main agreement –

1. On the **Effective Date:**

1.1 The **Seller** will be the sole registered and beneficial owner of the shares;

1.2 The **Seller** will be entitled and able to give free and unencumbered title to the **Shares** to the **Purchaser;**

1.3 No person will have any right to acquire any of the **Shares** in or claims against the **Company**, present or future;

1.4 No person will have any right to obtain an order for the rectification of the register of members of the **Company in respect of the Sellers shares.**

2. To the best of the Sellers knowledge, the **Company** is not engaged as the defendant/accused in any material litigation, income tax appeals, arbitration or criminal proceedings. Having made all reasonable enquiries, the **Seller** is not aware of any facts, matters or circumstances which may give rise to any such litigation, income tax appeals, arbitration or criminal proceedings;

3. The Seller hereby discloses her shareholding in Specialised Mechanical Engineering (SME) and her continued involvement with such company shall not constitute a breach of the restraint provisions contained in the Agreement. The Seller however undertakes to still comply with the terms and conditions of the Confidentiality Clause insofar as it pertains to any information received from the Company.

ANNEXURE "MJJ6"

www.vrlaser.co.za

VR LASER SERVICES (Pty) Ltd

- 10 Haggie Road, Dunswart Ext5, Gauteng, South Africa
- P.O. Box 5362, Boksburg 1461, South Africa
- Accounts Tel + 27 11 306 8000
- Accounts Fax + 27 11 306-8018

Registration No. – 2007/031329/07
VAT No. – 4690244837

MJJ6

12 February 2015

Chairman of the Board
VR Laser Services (Pty) Ltd
P O Box 5362
Boksburg North
1461

RESIGNATION AS A DIRECTOR

Dear Sir,

This letter serves to confirm my resignation as a member of VR Laser Services (Pty) Ltd Board of Directors, effective 28 February 2015.

It has been my pleasure to serve on the board and to have been part of the success of the company.

I wish the company only the best for the future.

Sincerely,

Madoda John (Benny) Jiyane

ANNEXURE "MJJ7"

MJJ 7

www.vrlaser.co.za

VR LASER SERVICES (Pty) Ltd

- 10 Haggie Road, Dunswart Ext5, Gauteng, South Africa
- P.O. Box 5362, Boksburg 1461, South Africa
- Accounts Tel + 27 11 306 8000
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Registration No. – 2007/031329/07
VAT No. – 4690244837

12 February 2015

Chairman of the Board
VR Laser Services (Pty) Ltd
P O Box 5362
Boksburg North
1461

RESIGNATION AS A DIRECTOR

Dear Sir,

This letter serves to confirm my resignation as a member of VR Laser Services (Pty) Ltd Board of Directors, effective 28 February 2015.

It has been my pleasure to serve on the board and to have been part of the success of the company.

I wish the company only the best for the future.

Sincerely,

Jiyane

Esther Ntomb'futhi Jiyane

[redacted]